FINANCIALTIMES

How Texaco fell out with Wall Street, Page 15

No. 29,792

EUROPES BUSINESS NEWSPAPER Friday November 20 1985

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Guerrillas BASF attack SA oil plants

World news

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profits ahead

Black guarrillas, believed to be: BASF, West German chemicals members of the African National group, achieved a 33.5 per cent rise Congress, made a rocket assault on in pre-tax profit to DM 2.46bn two strategic South African oil from (\$968m) for the nine months September 115 and France 115 two strategic South African oil from coal installations at Secunda in the egstern Transvaal. Security forces ropean acquisitions will bring silled three of the attackers. killed three of the attackers.

The latest attack, which follows a

series of landmine explosions near the South African-Zimbabwean border, appears to be part of a steppedup sabotage campaign by the ANC.
A decision to intensify the armed struggle against the South African Aregine was taken at the ANC congress last June, and the latest inci-dents indicate that this policy is now being put into effect. Page 3

Ulster go-ahead

Irish Senate approved Anglo-Irish agreement on Northern Ireland by 37 to 16, the final parliamentary assent required for the two govern-ments to put the accord into effect.

Moscow aid to Cuba The Soviet Union will send 50,000

topies of grain and 16,000 tonnes of building material to Cuba to cope with Hurricane Kate damage. Belgian coalition

Belgian Premier Wilfried Martens formed a centre-right coalition pledged to continue the economic austerity policies of its predecessor. Page 2

Bank 'fraud'

Police in London said they had found evidence of fraud at Johnson Matthey Bankers (JMB) in a probeof the affairs of the bank which collansed last year and was rescued by, the Bank of England. Page 8

EEC dust controls

Tough controls on asbestos dust emissions and waste disposal have lower in Zurich at \$326.65. Page 26 been proposed by the European TOKYO Shares were driven lower Community's executive commission by propositive over the orthody for

Two Polish policemen were given burst of profit-taking around noon. tion to underground Solidarity 100 shed 8.7 to 1,429.3. Page 34 activists during martial law. ...

No Aquino retrial

Philippine Supreme Court cleared the way for a verdict in the trial of 26 men accused of involvement in the murder of opposition leader Benigno Aquino by dismissing a petition calling for a new trial.

Bokassa threat

Former emperor Jean-Bedel Bokassa sain he would "tell all the secrets" if France did not grant him an exit visa and allow him to return home to the Central African Republic. Bokassa was deposed by French troops in 1977

Greek strike

Greece's 350,000 civil servants staged a 24-hour strike, which disrupted the Government, schools, spitals, ports, airports and courts. At the same time air traffic controllers ended a four-day hunger strike in support of wage demands in which 120 people collapsed from exhaustion, Page 2

Mail boycott ends Finnish postal workers halted a

two-week-old boycott of South Afristaff dropped plans to cut telex and telephone links.

Bribery charge

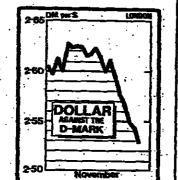
Italian senator Dino Viola, chairman of the Roma football club, is to be tried by football authorities for allegenly trying to bribe the referee in a European Cupwinners' Cup

Salvador strike ends

CONTENTS -

Business summary by 33%

tember and says recent US and Ex BRITAIN cleared way for sale of British Gas to private sector, the largest flotation in any stock market, but its draft legislation left many key issues about the gas industry unresolved. Page 14; The US Experience, Page 12



DOLLAR continued to fall in London, closing at DM 2.5285 (DM 2.542), SFr 2.083 (SFr 2.09) and FFr 7.72 (FFr 7.745). It improved, however, to Y201.5 (Y201.0). On Bank of England figures the dollar's ex-change-rate index fell to 126.5 from 128.9. Page 27

STERLING gained 30 points against the dollar in London to \$1.477. It also improved to SFr 3.085 (SFr 3.08) and Y207.5 (Y206.25) but fell to FFr 11.4025 (FFr 11.415) and DM 3.735 (DM3.745). The pound's exchange rate index rose 0.1 to 80.8.

GOLD fell \$2:00 on the London bul-lion market to \$325.50 and was also

by uncertainty over the outlook for interest rates. The Nikkel average Policeman sentenced LONDON: Stocks were hit by a

thern Poland, for giving informa- 5.9 lower to 1,133.0, and the FT-SE WALL STREET was closed for

Thanksgiving. US mutual funds hoom, Page 34 LAURA ASHLEY: Share issue of British fashion and design group was heavily oversubscribed, perhaps by 40 times, as would be investors queued in London to hand in

applications. Page 14 TORONTO-DOMINION, fifth largest Canadian bank, lifted fourthquarter earnings to C\$109.9m (\$79m), or 77 cents a share, from

C\$93.4m, or 67 cents, in the year ROYAL BANK of Scotland lifted full-year pre-tax profits by 27 per cent to £166.3m (\$244m). Lex, Page

14; Details, Page 22 many's biggest bank, expects record operating profits this year of
DM 3bn (\$1.2bn) for the parent company and DM 4bn for the group but
does not propose to increase its
dividend. Page 17

The buy DEUTSCHE BANK, West Ger-

BMW, West German car and motorcycle maker, has increased its stake and particle in Loewe Opta, electronics and television company, to 31 per cent.

SCANDINAVIAN Airlines System (SAS) achieved record turnover and profits in the year to September 30, with sales up 10 per cent at SKr 19.8hn (\$2.5hn) and earnings up 28 per cent at SKr Ibn. Page 16

LINION BANK of Switzerland, Swiss Bank Corporation and Credit Suisse, already active in the Zurich gold pool, announced the establishment of a joint silver fixing. Page 28

ANGLO AMERICAN Corporation, Salvador strike ends
South African mining group, reported a 30 per cent increase in met
vants went back to work after a 21day strike over salary increases. six months to September.

New US curbs on EEC steel puts pressure on UK

BY IVO DAWNAY IN BRUSSELS

PRESSURE on Britain to lift its block on a four-year EEC-US steel trade pact intensified markedly yesterday when Washington an-nounced new restraints on Euro-

The US move came as clear retalistion for the Community's failure to endorse the agreement when for-eign ministers discussed the question on Tuesday. Although nine member states were ready to sign the deal, the UK insisted on further time to consider provisions for semi-finished steels

The European Commission was yesterday seeking details from Washington about the new measures against EEC exports now being imposed, but these efforts were mpered by the closure of US government offices for the Thanksgiving holiday.
It is understood that the Ameri-

can curbs involve the suspension forthwith of immediate delivery privileges that speed Community steel deliveries through customs procedures. There is also thought to be a new ceiling on tonnages of some steel products allowed into

Officials of the European Commission said last night that it was believed these restraints were simed specifically at semi-finished steels. But no figures were available as to the new ceilings imposed Mr Clayton Yeutter, the US Trade Representative, this week established. by the US, or whether further de-liveries will be possible this year. His week estab-lished that a special allocation al-

Brussels' reaction to the move lowing deliveries of 200,000 tonnes has been to call again on Britain to endorse the pact. Mr Willy de Clercq, the External Relations Com-Clercy, the External Relations Commissioner, is understood to have 400,000 tonnes. contacted the UK yesterday to warn that responsibility for any collapse this tonnage would seem likely to of the tortuously negotiated pact fall substantially below its 34,000 would be laid firmly at London's tonnes, delivered in 1984, thereby

Britain remains concerned, however, that likely restrictions on sales of semi-finished products to the US next year will prevent it it could lift its reserve on the pact meeting its commitments. In parti-within a few days, but clarification tract for 250,000 tonnes a year for on deliveries would be imposed. Tuscaloosa Steel of Alabama, in which it holds a minority interest.

Last year, the UK's contribution

In that case, Britain's share of

suggesting that both the Tuscaloosa order and other contracts could not be filled in full by BSC. The UK suggested this week that

cular, it fears that reduced allocations to the British Steel Corporation will mean the state owned profinished products including the likewas necessary on a number of ducer will be unable to fulfil a con- ly duration for which any ceilings

EEC steel quotas, Page 2; Brussels regional aid for UK, Page 14

Overture from US for European fighter stake

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

THE US has suggested to the four European countries developing the tactical fighter for the 1990s – the European Fighter Aircraft (EFA) – that it would like a small stake in that wature. The EFA might every that made to President Mitterand. There is concern lest the French that would involve production of over thally involve production of over thally involve production of over takes in EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to severally involve production of over the EFA to gain access to the combat aircraft should also take over the EFA with Spain be-

views on his proposal. ago by President François Mitter-rand of France, seeking a stake of 5 The Rafale and ATF would differ to 10 per cent in the EFA.

THE US has suggested to the four what he is seeking, and especially well under way, there should be no

860 aircraft, worth over \$20bn. stakes in EPA to gain access to pany building the Turnade multi-fence Secretary, has written to his mology at little cost to themselves. counterparts in the UK, West Ger- with little offered in return. ing brought into Panavia. many, Italy and Spain to seek their France is developing a rival to the

similar to that made some weeks also planning an Advanced Tactical the three Tornado countries are alto 10 per cent in the EFA. in role and performance from the create an entirely new organisa-Although last summer France EFA but would be sufficiently close tion.

participated in discussions on the to compete with it for orders from Defence officials involved, how-

riews on his proposal.

EFA: the Rafale or Avion de Com.

It is argued in the aerospace inbat Experimental (ACX). The US is

dustries that many executives in the three Tornado countries are al-so working on the EFA and that it would waste time and money to Create was entirely new organica. Al Midhnah, costing £42m and also

Defence officials involved, how- £19m embassy complex for the Britparticipated in discussions on the feasibility of the EFA, failure to uncommitted nations in Western agree led the UK. West Germany Europe, such as Belgiam, Denmark, and Italy to go ahead alone, later the Netherlands and Norway, as being joined by Spain.

The four European ministers are

Al the compete with it for orders from uncommitted nations in Western ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, argue that Panavia will still ish Government and a 19m Canadian ever, a considering their response. Alings about both approaches. The
though they take the US approach
seriously, they are likely to ask Mr
weinberger for closer details of project definition of the EFA now
many and probably also Italy.

Laing and Wimpey pull out of Saudi Arabia

By Joan Gray in London

TWO of Britain's biggest construc-tion companies, John Laing and George Wimpey, have pulled out of Saudi Arabia and flown their staff home because of non-payment for

work carried out by their joint-venture company with a local part-ner, Laing Wimpey Alireza.

The companies have completed contracts worth more than £112m (\$164m) over the last five years. But all their big projects – including a c42m building programme for the Saudi Ministry of Health – have been completed, and their workload has been declining. The venture has announced no large new contracts since 1983 and has not been profitable for some time.

The move is a reflection of the economic crisis affecting Saudi Arabia, which is facing severe difficulties in adjusting to the impact of lower oil prices and curtailed

Wimpey's share price on the London Stock Exchange fell from 129p to 124p yesterday morning on the news but recovered to 126p. Leing's share price fell from 345p to 318p but closed at 324p.

Neither company will be drawn on the size of payments involved or on which contracts have created the problems.

The move follows the decision by

two other British construction companies, Henry Boot and Sons and W. S. Try, to put their joint venture in Sandi Arabia, Intry, into receiv-ership earlier this year as a result of delayed payments on a £20m zoo which Intry was building in the country's capital, Riyadh. Although both Laing and Wimpey have flown their staff home from

Saudi Arabia, the withdrawal is not necessarily permanent, a Wimpey spokesman said.

"We had completed our contracts and had no work in hand, so we de-cided to withdraw our staff," he

said. The number of staff involved was

not large, he added - two from Wim-pey and a "couple of dozen from Laing." Large contracts carried out by the companies include, for the San-di Ministry of Health, a \$33m hospi-

completed in 1984. The company has also built a

Brazil reforms tax and seeks cut in deficit

BY ANDREW WHITLEY IN RIO DE JANEIRO

terday announced extensive per-sonal tax reforms and the creation of a social welfare programme the programme is to be submitted aimed at improving the conditions to the International Monetary Fund of the most needy.

Simultaneously, it announced several measures to reduce the worryingly large public-sector deficit officially estimated, on an operational basis, at 2.8 per cent of gross domestic product this year - to 0.5 per cent in 1986.

The long awaited measures were announced personally by President Jose Sarney in a live television broadcast and then sent to Congress for approval. The Government hopes that will be obtained by December 5, when Congress breaks up for its long summer recess.

One unexpected element was the announcement by Mr Dilson Funa-ro, the Finance Minister, that for-eign loans to Brazil will in future be exclusively directed by the Government to state companies to help them to roll over their forthcoming debt amortisations. Mr Funaro,

Mr Sarney, expecting possible difficulties in Congress, made a special appeal to the country's politicians for their support in helping to

however, gave no details of the

THE BRAZILIAN Government yes- "build a great country, in the coun-

and foreign bank creditors for their information, as being the basis of Brazil's economic plans for 1986. Among the measures signed by President Samey yesterday was the official launch of a much dis-

cussed programme to sell off or reduce the Government's holding in a range of state-owned manufacture The initial list of 17 enterprises

includes share issues in Telebras, the federal telephone company; Petroquisa, the leading basic chemicals company, and Usiminas, part of the Siderbras steel holding

An issue of preferential non voting shares in Petrobras, the state oil monopoly, expected to raise over US\$400m, is to go to the market today. Five billion shares, representing 6 per cent of Petrob-ras's capital stock, is to be sold to the public in the largest such transaction yet undertaken in Brazil.

Continued on Page 14 Debt move unlikely to hit UK,

Swire to sell 25% of Cathay Pacific

nounced plans to seek a public list- tive investors early next week. ing in Hong Kong for Cathay Pacific Airways, its highly profitable airline subsidiary, offering 25 per cent of the shares to the public. The ofman described Singapore Airlines of the shares to the public. The ofman described Singapore Airlines and Malaysian Airline System to ofmounted in Hong Kong and could raise about HK\$2.5bn (\$320m).

The offer has strong political overtones because of increasing pressure for the airline to establish itself as a locally controlled company ahead of 1997, when China regains sovereignty over Hong Kong from the UK.

announcement comes as a hearing the parent intended to maintain airlines compete for licences to op-erate several regional services from Hongkong and Shanghai Banking

Hong Kong. Caledonian Far East, a subsidiary of British Caledonian Airways and one of the contesting bidders, is ex-

SWIRE PACIFIC yesterday an- pected to unveil details of prospec-

and Malaysian Airline System to offering is likely to be the largest yet fer shares to the public. British Airways is also in the process of being denationalised in the UK.

The share sale is planned for the first half of next year, with merchant banks Baring Brothers and Wardley acting as advisers and

It is also no coincidence that the Swire Pacific, said yesterday that begins next Monday of Hong majority control of Cathay - which Kong's Air Traffic Licensing An-was founded in Hong Kong in 1946 thurity (Atla) at which Cathay Pa — and would continue to manage it.
cific and two newly created local At present, Swire Pacific owns a 70

> Continued on Page 14 Lex, Page 14; SIA issue oversubscribed, Page 17

Gemina sells Montedison stake

BY ALAN FRIEDMAN IN MILAN

The buyers comprise the Varasi group, a maker of minesweepers ints; clients of S. G. Warburg. the UK merchant bank; and a shareholders group which includes the Ferruzzi agribusiness concern.
This deal - which was agreed by Fiat only this week - represents a riai may into week.— represents a seminal change in the balance of Italian industrial power. It comes only days after the settlement of the key issue in Italian finance, the struggle for control of Mediobanca,

the merchant bank.

The departure of Gemina, which in 1981 acquired control of Montelison from the IBI and ENI state holding groups, marks the coming of age of Momedison as a restruc-tured and less tightly controlled had turnover of L350hn, is to buy group. It is a personal triumph for Mr Mario Schimberni, the Monte
Rowak, the international securi-

(\$58m) this year and might pay its first dividend after a decade of

Gemina's disposal of the Montedison share stake was organised over the past 10 days by Mr Fran-cesco Micheli, the stockmarket raider who prompted Montedison's takeover of Bi-Invest. Dr Enrico Cuccia, the Mediobanca director who represents Lazard Freres, gave his blessing to the deal.

Gemina's 17.1 per cent sharehold-

way:

• PAF, the listed Varasi family dison chairman, who incurred the wrath of the Agnellis and other will acquire 3.5 per cent on behalf of

GEMINA, the holding company controlled by Fiat, Pirelli and other leading Italian industrial companies, is to sell its controlling 17.1 per cent stake in the Montedison chemicals group, a block of shares valued at \$272m.

The buyers comprise the Varasi expected to make a 1985 consolidated are profit of more than L1864m cent of Montedison. cent of Montedison. The result of all these transac-

tions is that in place of Gemina which is 27 per cent controlled by the Agnelli family, a new group -Varasi, supported by Mr Gardini and others - will have the largest Montedison shareholding: A further 25 per cent of Montedison is held outside of Italy, mostly in the US. Varasi, which sells muresweepers to the Italian navy and to other countries via its intermarine sub-

ing will be split up in the following sidiary in La Spezia, is to finance its L328bn share of the L487bn deal with bridging loans from a consor-tium of Italian banks, including Banca Commerciale Italiana, Nuovo Banco Ambrosiano and Banca Nazionale dell'Agricoltura.

Varasi will finance part of its ac-Continued on Page 14

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British Gas: privatisation Commercial vehicles: and the US experience ... 12 Survey Section III 2,127

Nato offer likely on troop cuts

By Patrick Blum in Vienna

NATO may soon make new proposals to break the deadlock at the Vienna talks on reducing conventional forces in Europe, according to officials in Vienna.

Intense consultations are taking place in Western capitals and at the Nato headquarters in Brusels in preparation for a Western response to Warsaw Pact proposals submitted last February, a Western official said yesterday.

After yesterday's weekly ket. session of negotiations here. Mr
John Karch, the Western spokesman, would not confirm from December 31, with the or deny recent reports that Nato was about to make new general price outlook is "fairly to be seen to be se

The 12-year-old talks have been deadlocked by disputes i ployed in the region and over measures to verify compliance with an agreement.

"Nato's assessment is ongoing and you can appreciate that I cannot comment on the specifics of Allied consultations. The Eastern proposal of The Eastern proposal of February 1985 is being given intensive scrutiny, assessment, analysis and study," Mr Kareh said vesterday.

Western officials welcomed the joint statement made in Geneva by Mr Ronald Reagan, the US President, and Mr Mikhail Gorbachev, the Soviet leader, expressing the two sides "willingness to work for positive results" at the Vienna

Officials, however, stress that here were no immediate esults for the Vienna talks rom the summit.

Officials, however, stress that after 19 months in internal extremely a months in internal estate with her husband in the closed city of Gorky.

A spokesman for the Italian there were no immediate results for the Vienna talks from the summit.

Nevertheless, East Bloc officials suggested yesterday that a Nato response could be made next week. But they warned against the West introducing new elements in the negotiations which would further complicate the search for an agreement.

French current account shows small surplus

By David Housego in Paris THE FRENCH current account registered a small surplus of FFr 209m (£18m) in the third quarter, thus reducing the deficit for the first nine months to FFr 6.1hn (£535m). On a seasonally adjusted basis, the

trade and services account. On first nine months amounted to Word that she would be FFr 19.7hn. This was partly allowed to travel abroad came offset by a continued strong surplus on tourist earnings.

EEC steel consumption may be increasing, says Commission

STEEL CONSUMPTION in the EEC in the first quarter of next year should equal or even ex-ceed the level for the same quarter of 1985, the European Commission said yesterday, expressing cautious confidence in

the state oft he steel market.

The latest figures for production quotas forthe first time exclude mandatory ceilings for both reinforcing bars and other coated sheet, in line with the Commission decision on progressive liberalisation of the mar-

Commission yesterday blamed the weaknes sof prices in specific sectors such as stain-less steel and hot-rolled coil on the state of the international market, and currency move-ments, rather than on internal factors. British producers have blamed France for selling surplus production on the UK and Wast German markets. West German markets.

Sakharov wife due to leave next week

MRS YELENA BONNER, wife of the dissident physicist Dr Andrei Sakharov, is expected to leave Moscow for medical treatment in Italy next Monday

airline Alitalia said yesterday that Mrs Bonner (62) has a ticket for next Monday's flight to Rome via Milan.

She arrived in Moscow on Tuesday, Uniformed police who have kept a 24-hour watch on her flat here ever since she was exiled to Gorky last year have barred foreigners from entering

the premises this week.

Her children, who live in the
US, say she told them in two rare telephone calls in the past month that she had agreed with the Soviet authorities not to talk to the Press while she is abroad. She travelled to the West for treatment of the eye ailment glaucome in 1975, 1977 and 1979. Soviet authorities only granted her an exit visa this time, however, after Dr Sakharov slaged at least three hunger strikes to win permis

sion for her to travel. to FFr 6.1hn (£535m). On a seasonally adjusted basis, the deficit for the first three quarters has been cut to FFr 352m.

This overall improvement, however, conceals widely differing performances on the trade and services account. On the services account. On the services account.

nd services account. On She is believed to be the first seasonally adjusted person allowed to travel abroad

More Swiss trees sick or dying from pollution

number a year ago, according to a sion and flooding because of forest government study released yester-death. day, AP reports from Bern.

Most of the damaging pollution is being generated in Switzerland by vehicles, industry and heating, said the study by the Federal Institute of The most affected areas were the

southern cantons (states) of Valais and Grisons, where 56 per cent of all trees were affected. The 46 per cent damage rate in mountainous regions, where forests help to prevent avalanches and soil erosion. was also of concern. In some Alpine regions, entire

MORE THAN a third of Swizer- er this year of an increasing proba land's trees are sick or dying from bility of natural disasters in moun-pollution, a slight increase on the tain areas such as rockslides, ero-

> The phenomenon of dying forests has been widely debated in Switzerland for the past two years. The Government has taken mea

sures to ease the problem by reduc-ing vehicle exhaust emissions. In January last year, speed limits were reduced and in September it was announced that Swiss cars would be required by October I 1987, to meet strict emission standards equalling those in the US.

The study, based on a nationwide

EEC STEEL PRODUCTION QUOTAS 4,115 3,332 846 785 1,311 1,108 2,595 1,922 2,127 Hot-rolled coils Uncoated sheet Other coated flat products

The only quota to be cut back quarter, and 25.75m tonnes in significantly in the first quarter the first quarter of 1985... of 1986 is for hot-rolled coil, blamed on the less favourable

Quarto plate

Heavy sections Wire rod

nforcing bars

export outlook.

The Commission forecasts admit that "the outlook for external trade is uncertain and rather cautious figures have been tabled for both imports and exports." Imports are expected to decline from 2.8m to 2.5m constant at 6m tonnes, in the controlled the controlled the controlled to the

Production is expected to reach 30.2m tonnes, taking into account the balance of external Even allowing for the end-of-

the-year break, it should be pos-sible to achieve the estimated three-month period. (28.7m tonnes against a target Overall EEC consumption is forecast at 26.7m tonnes in the first 1986 quarter, compared of 120.2m tonnes may be exwith 27.6m tonnes in the present

Irish shipping line plans to lay off 500 workers

BY HUGH CARNEGY IN DUBLIN

B & I the Irish state-owned off 500 workers from today after said it would begin laying off peace talks with striking sea- non-SUI employees from today. men broke down yesterday.
The strike which began on Tuesday over the company's re-structuring plans has caused heavy disruption of freight and

passenger services between Ireand and the United Kingdom and adds to the problems facing the B & I Board in its efforts to turn the company around.

B & I's chief executive, Mr Alex Spain, met the leader of the Seamen's Union of Ireland

(SUI) yesterday for the second time in the dispute, to urge him to call off the strike while the board considered alternatives to its restructuring plan put for influence in the hiring and ward by different groups of firing of shipboard employees employees, unions and officers. up to the rank of chief purser

B & I, the Irish state-owned The talks ended with no shipping line, is to start laying agreement and the company B & I. with projected losses this year of Ifom (f5m), has announced a plan to shed more than one quarter of its 2,000 workforce, cease its Rosslare-Pembroke ferry service and contract-out of duty-free and catering constitution. ing activities.

The SUL which represents about 730 of the B & I workforces, regards the restructuring plan as a major threat to its powerful position within the

Under long-established prac-

EEC may send human rights mission to Iran

may send a delegation to may send a delegation to investigate prison conditions after hearing allegations international, the human rights group, said in evidence yester-that over 1,000 epople had ment, torture and mass execu-tion, members of the Parliament's human rights committee

THE FUROPEAN Parliament political or religious enemies may send a delegation to Iran of the Islamic revolution were to investigate prison condibeen executed since 1984. 's human rights committee Mr Christian Rostoker, Reuter reports from Secretary-General of the Inter-

national Human Rights Feder-They were speaking after a ation, said a European Parliament mission to Iran would am ment's political affairs com- bably be the most effective way mittee into alleged human of making concern on the civil rights abuses in Iran. Witnesses rights situation clear to the alleged that people regarded as country's government.

Gonzalez denies trying to avoid Nato referendum

BY DAVID WHITE IN MADRID SPAIN'S Prime Minister, Mr Felipé

Gonzalez, has emphatically denied that the Government had any intention of calling an early general election or abandoning its plan to hold a referendum in the spring on Nato membership. Speculation that the Government

might be considering bringing forward the election by several months to the spring in order to avoid the referendum has increased after an apparent attempt to postpone a key security debate in

Mr Miquel Roca, parliamentary spokesman of the Catalan national-ists and leader of a new centre formation, the Democratic Reformist forests had disappeared, the report aerial survey, said 36 per cent of all Party, submitted an urgent quessaid. Swiss trees were damaged by pollution to the Government arguing Mr Walter Bosshard, director of the forestry institute, warned earlithe forestry in the forestry institute for the forestry institute forestry in the forestry in th

airing of the referendum issue as early as next week. Meanwhile, Mr Manuel Fraga, leader of the main right-wing Popu-

lar Alliance, said after a meeting of senior party officials on Tuesday that it would use "all parliamentary resources to ensure that the security debate took place in mid-December as planned and was not put off until next year. The debate, in which the Govern-

ment would be expected to set out in detail its intentions with regard to the referendum, has already n postponed three times, Mr Gonzalez has always maintained that the referendum will go ahead, despite his Socialist Party's change of mind in favour of main-

taining Spain's present status as a member (but not a military partici-

sparks more strikes By Andriana ferodiaconou in A FRESH WAVE of strikes

Greek pay

freeze

broke out in Greece yesterday against a two-year wage and salary freeze imposed by the Socialist Government.
Socialists announced economic austerity pro-gramme in October designed to reduce public sector and

current account deficits.

Greece's 350,000 servants yesterday staged a 24-hour strike, disrupting the central government, schools, hospitals, ports, airports and courts. They were joined by 200,000 construction workers

In Athens and Piraeus, doctors and taxi drivers began a 48-hour strike. Most Olympic Airways flights were cancelled on Wednesday as a result of protest action by air controllers. They were obliged to suspend strike action by the Government, which employed the device of "-civil mobilisation" to stop the country's airports from being paralysed.

The Government's austerity measures have split the Greek trade union movement. The majority in the leadership of the Greek trade union con-press, a mix of opposition Communist and dissident Socialist trade unionists, split off last month and elected their own president. They then proceeded to back pro-test strikes against economic policy.

Loyalist Socialist unions have applied to an Athens court to have the majority's action ruled illegal and to appoint a temporary leader-ship of the trade union congress in a bid to paper over the rift in the Greek labour ranks. The court's decision on appointing a leadership is still pending.

Politics takes back seat to soccer scandal By James Buxton in Rome

BOTH THE sporting and political worlds of Italy were in a state of shock yesterday at the news that Mr Dino Viola, chairman of the Roma foothall club, is to be tried by the foothall authorities for attempting the british the attempting to bribe the referee in a semi-final of the European Cup-Winners Cup last year.

Politicians yesterday ahandoned the drudgery of the budget debate to concentrate on the new scandal. Mr Viola has been a Christian Demo-crat Senator since 1983.

Mr Viola has told the Italian Football Federation that he paid L100m (£40,000) to two intermediaries who promised to pass it to Mr Michael Vautrout, the French referee of Roma's return match with Dundee United in April 1984. In the first leg, Dundee wan at home 2.8 Dundee won at home 2-0.

In fact, the money never reached Mr Vautrout, who has been cleared of any involvement. Roma won the match 3-0, despite having two goals disallowed, and went on to the final of the Cup which it lost to Liverpool.

Mr Viola has told the foot-hall authorities that he handed over the money with a view to discovering who was the "Mr Big" who claimed the ability to bribe

The 71-year-old senator risks being disqualified from chairing the Roma club, which he owns. But it is now clear how seriously that would affect the club, whose most distinguished supporter is Mr Giulio Andreotti, the Foreign

The US State Department's

West Berlin, Mr John Korn-

Sweden faces years of low growth, says bank report

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

forecasts of PKbanken, one of the leading Swedish commercial banks. Sweden is likely to have one

of the lowest growth rates of any of the industrial countries during the period 1986-88, it says, Inflation is expected to fall and the economy is expected to achieve a better balance, however, with lower deficits on both the current account of the balance of payments and the state budget.

Sweden will continue to lose market shares abroad as a result of its higher inflation and higher wage cost levels, and improved balance can only be ochieved through a more austere economic policy, warns

According to the PKbanken forecasts, the Swedish economy will grow by only 1 per cent in 1986 following an expansion of 2 per cent this year and 3.4

THE SWEDISH economy is moderate pay claims, wages are entering a period of low growth and rising unemployment, according to the latest economic cent in 1985, well in excess of content of the latest economic cent of th wage increases in Sweden's main trading partners. Wage increases are expected to be more modest in 1987-88.

> Inflation is finally coming down - an average increase of per cent is forecast for 1996 after a rise of 7.3 per cent this year — but the improvement has come much later than in several of Sweden's most important international compe-

> titors.
> The PKbanken forecast rules out another Swedish devalua-tion to improve competitiveness on the grounds that such a move would yet again delay the adjustment of the economy and would refuel inflation.
> "Rather later than a number

policy would lead to a rapid worsening of the current account, warns the bank. It account, warns the bunners. West German provers are remains to be seen, however. West German provers are how far the Government will slop bracing themselves for posper cent this year and 3.4 now far the Government will per cent in 1984. The economy allow unemployment to rise could fall into recession in 1987.

Despite government efforts to ment.

Martens forms government pledged to austerity

MR WILFRED MARTENS, Bel- lition into the October 13 elecstrict austerity programme aimed at remedeing the country's economic ills. AP-DJ reports from Brussels.

Mr Martens however has re-tained the services of most key ministers from his outgoing government.

The coalition of Christian Democrats and Liberals (Con-servatives), each split into a French and Dutch-speaking section, is planning to cut the state's huge budget deficit and freeze taxes. It is promising also to bring down Belgium's high unemployment rate. "The Government will give

top priority to its social-economic recovery programme," the accord between the coalition parties said.

gium's Prime Minister, yester-day formed a new centre-right government committed to a creased its seats in the 212-seat

government in as many years.

Mr Leo Tindemans stays as
Minister of Foreign Affairs, Mr
Jean Gol keeps the Justice
Ministry and Mr Charles-Ferdinand Nothomb renews his mandate as Interior Minister. Mr Mark Eyskens is moving

from the Economies Ministry to Finance, while Mr Guy Verhof-stadt, chairman of the Dutch-speaking Liberals is taking on the post of Budget Minister and Vice-Premier. Mr Gol and Mr Nothomb are the other two Vice-Premiers.

"This Government will stay; on for its four-year term. This is an essential part of the renewed international credibility of our country." Mr Martens

Soviet Union renews overtures to Albania

BY DAVID BUCHAN

newspaper repeated a comment made by Mr Mikhail Gorbachev last year, before he became Soviet leader, suggesting that issues between Moscow and Issues between Moscow and Tirana "could be solved by i mutual goodwill." On yester-day's 41st anniversary of Albanian war-time liberation, the article referred also to Albania's "services towards building socialism" Albania's "services building socialism,"

with the Soviet Union in 1981 became ; and then with China in 1978, better raised the possibility that the to Tira , small Balkan country might tiates.

THE SOVIET UNION yesterday soon start to emerge from its

then Tass, the Soviet news He argued that writers such agency, announced the appointment of a correspondent to Albania, but he does not appear to have gone there yet.

He argued that writers such as himself were not consulted during the drafting of the agreement which has gone to the parliament of West Ger-

Unlike Britain or West Germany, the Soviet Union does not have any monetary disputes to settle with Thrana before renewal of diplomatic relations. The sticking point is essentially building socialism."

The death in April this year of Mr Enver Hoxha. Albania's long time ruler who broke first with the Soviet Union in 1961 and then with China in 1978, raised the nossibility that the to Tirana's fury, it now nego

W. German * drinkers desert wine in droves

By Peter Bruce in Bonn

WEST GERMAN wine drinkers are descriing their favourite tipple in droves, according to market research published resterday, following the discovery last summer that mainly Aus. trian, but also more than Signitivest German white wires, had been sweetened with the aut. freeze agent, diethylene glycol,

The Nurembers based G and I Institute said wine sales in 25 per cent down on the same time last year, followed by falls of 23 per cent in September and 18 per cent in October.

The market researchers said Austrian wine was "hardle" being bought in West Germans in the three months reviewed. West German wines, partien, larly whites, had also been badly hit, while French wines, virtually untouched by the antifreeze scandal, had been able to improve their share of the West German market.

to announce tighter policies when it presents its 1986-87 its external payments, a low inflation rate, low interest levels | Vest German alcohol, the best budget in January but it is still far from clear how it will gain a majority in the Swedish Parliament for such moves.

A more expansive accounts, verman market.

The other main source of West German alcohol, the best inflation rate, low interest levels | Vesterday, the Association of Independent Brewers, said they expected the European Commits. sion to double the tax on hop crops in an effort to "harmonconsumer prices in the

drinks market. the European Court next March. which could open the huge West German market to imported beer for the first time. Bonn is currently defending itself against Commission charges following West German refusal to allow foreign beer into the coun-

The West Germans argue that the purity of their beer is guaranteed by the oldest law in the land, the Reinheitsverbut of 1516, which stipulates that heer sold in the country can only contain hops, water and yeast.

Newspapers here are already warning readers of the dangers of the "chemical heer"—anything containing a preservative —they expect to be forced on the population.

Pious West German opposi-tion to new imports was hadly weakened this year, however, when it emerged that up to 40 Bayarian broweries had themselves been caught adding chemicals to their product to an effort to give it a longer shelf

Leading author objects to cultural accord By Leslie Colitt in Berlin

CULTURAL. between East and West Ger-many which is nearing completion after tough negotiations since 1973 has met with unexpected opposition from West Germanys most prominent writer.
Mr Guenter Grass, author of

"The Tin Drum " and an active political supporter of former Chancellor Willy Brandt's Social Democrats, voiced his suspicion that the cultural accord will mark a final step in the division of Germany. Mc renewed its overtures to Albania in a Pravda article declaring abnormal the 24 year long estrangement between the two testrangement between the two death were most undiplomatics of the president of the alive rejected by the new leader.

Solution Suspicion that the cultural accord will mark a final step in the division of Germany. Me death were most undiplomatics (Grass is the president of the alive rejected by the new leader).

the parliament of West Germany for its approval.

many for its approval.

His chief objection is that opponents of establishment culture in both German states.

—but especially in East Ger many—will be climinated from cultural exchanges. Mr Grass i has also called for the agreement's preamble to contain a reference to the "German cultural ration at a biodist but. tural nation as a binding hefitage."
In a letter to the President

of West Germany, Mr Richard von Welzsaccker, the writer noted that culture was one of the few remaining links between the two Germanics besides their history. It was important to retain this, he said. because the political concept of the German nation was "bank"

Mr Grass suggested that cos-cluding the cultural agreement would have "deva-tating" con-sequences. He proposed that West Germany accept the "political division" of Germany and fully recognise East Germany. At the same time both sides would set up a "national foundation" which would guarantee the German cultural nation.

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Confident West Berliners question Allied authority

Leslie Collit reports on a growing controversy over the legal status of the divided city effects. When a group of subur- have grown increasingly self- West Berlin, Mr Eberhard to regard it as necessary in FORTY YEARS after the four Allied armies entered Berlin, a growing number of people in the West of the city are asking

serious questions about the authority wielded there by the three Western powers. A recent poll conducted by West Berlin radio and television revealed that 78 per cent of West Berliners felt the presence of allied troops in the city was necessary. But 33 per cent also said they would feel just as

secure if the city's inviolability

was guaranteed by agreements

with the Soviet Union or East

Germany. The poll also showed

that 61 per cent were in favour of changes in Allied laws, which apply locally, to meet current Under the occupation agreement, sovereignly over West Berlin rests with the Allies, although the Senate, West Berlin's executive body, and the Abgeordnetenhaus, the Assem-bly, govern the city. In East Berlin, sovereignty was ceded by the Soviet Union to the East German Government in 1949

with several reservations. The sovereignty position has The sovereignty position has In the absence of a direct from the young Christian Demo-been applied since the early policy of detente with Eastern a number of curious legal Soviet threat to their city, they crat (CDU) governing Mayor of postwar years, the Allies appear Europe.

ban West Berliners tried to take assured, at the same time as Diepgen. The clegal action to prevent the construction of housing for US their political profile in the city in February 1984, he cited an Berliners tried to take assured, at the same time as Diepgen. Shortly after assuming office ever struction of housing for US their political profile in the city in February 1984, he cited an Berliners. army families in their neighbourhood, they could not get a hearing citler in Berlin or position of the Allies is most carrying a kitchen knife. Several

Their protests, however, could undermine the

Although most West Berliners accept the Allied presence in the city, many feel that the laws under which the city is ruled are inappropriate.

occupation status of the city. Army from operating a shooting range in a residential area were rebulled by both Berlin and British judges. The British Commandant in West Berlin took the unusual step of bluntly reminding citizens they would

have to accept certain inconveniences if they expected the all Allied laws has come howallies to defend them. In the absence of a direct from the young Christian Demo-

sought to prevent the British wing of the West German Greens party. The party itself called for the expulsion of the Allies from West Berlin a few years ago, but now warmly welcomes their presence until the creation of

what it calls an all-European peace order."

in February 1984, he cited an Berlin. Allied law under which a West The US State Department's Berliner could be executed for outspoken senior official in Washington courts.

Washington courts.

Recently, West Berliners who of the Alternative List, the local since been eliminated by the self-assertiveness of West Ber-

> A court martial trial earlier be a positive development, this year of a British soldier stemming from the optimistic necessed of raping a Berlin new economic climate in the woman fuelled the debate over city. Allied laws after the soldler was acquitted because of insufficient evidence. The Allies are and other Allied diplomats also acknowledged that many of the not prepared to allow West acknowledged that many of the Berlin courts to try their special arrangements with the soldiers in criminal cases as Allies which West Berliners 30 they view this an an erosion of years ago saws as a "warm and their original occupation rights, comfortable bed" were now The four parties in the West regarded by many of them as a Berlin Assembly were, unusually, in agreement in late

manded abolition.

' straff jacket." October when they called on the the Berliners' urge to "spread Allies to examine whether the their wings" will inevitably be death penalty, abolished in West chulated in West Germany. that it calls an all-European Germany, should still be in They note that virtually every peace order."

The impetus for a review of Alternative List has flatly design West Germany had its roots in West Germany had its roots. Allernative List has flatly design was come how.

The Allies also believe that in Berlin-from reconciliation Although the law has not with the West to Willy Brandt's



1961; Overnight, the Berlin wall was creeded to deter refugees from the East. But young West Berliners today feel far less intimidated than their parents did,

South African guerrillas blast strategic plant

BY ANTHONY ROBINSON IN JOHANNESBURG

three-man sabotage unit who first several Soviet-made 122mm rockets causing between four to six explosions early yesterday morning, Gen Johan Coetzee, the chief of police announced yesterday.

Three blacks in a leave their homes as they intensions in the area. This operations in the area. This follows the fifth landmine blast over the last three days when a black tractor driver was seriously injured yesterday.

Anc guessive their homes as they intensions in the area. This follows the fifth landmine blast over the last three days when a black tractor driver was seriously injured yesterday.

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1 and

yesterday.

Three blacks in a pickup truck were later forced off the truck were later forced off the road and shot dead by a police patrol after an exchange of fire. One of the three men was identified as having beeing involved i nan earlier attack on the original Sasol 1 plant at Sasolburg in 1980 which caused serious damage.

The three men, who were Intercented close to the border

tree their who were in-tercepted close to the border with Swaziland, are suspected to be African National Congress (ANC) guerrillas and the latest attack, which closely follows a



series of landmine explosions this week just south of the South African - Zimbabwean border, appears to be part of a stepped up sabotage campaign by the ANC.

A decision to intensify the armed struggle against the South African regime was taken at the ANC congress at Kabwe. north of Lusaka, last June and

ANC attacks, although the first base for guerrilla incursions time in 1980 limpet mines were used to blow up parts of the original Sasoi One plant which produces mainly chemical feed-stock. Three years ago the Koeberg nuclear power station, near "The operation would have the stock of the state of the land mine blasts, writes a control of the state of the land mine blasts, writes the state of the land mine blasts, writes a control of the state of the land mine blasts, writes a control of the state of the land mine blasts, writes a control of the state of the land mine blasts, writes a control of the state of the land mine blasts, writes a control of the state of the land mine blasts and the land mine blasts are stated in the land mine blasts.

of farming land close to the attempted sabotage of the Sasol border with Zimbabwe and plant.

SOUTH AFRICA'S two strategic ordered local farmers not to

have crossed the nearby border on Monday night and returned across the border after planting

across the border after planting the mines.

Mr Pik Botha, the South African Foreign Minister, warned the Zimbabwe Government on Wednesday that South African forces would undertake hot pursuit operations into himbabwean territory if Harare did not take undertake the south of th

did not take urgent steps to stevens, who age of 80.

In a separate incident, four blacks died and two were injured yesterday in a fierce gun battle between Bophuthat.

A rule by form Stevens, who age of 80.

His success Joseph Said been comma for 14 year for 14 year for 14 year for 15 years. swana police and a group of blacks holed up in a house in the Thabane township which is close to Rusternberg, just across the unguarded frontier between South Africa and the

black homeland Police are reported to have driven an armoured car into the house to finish the battle after a series of explosions. Later they found a quantity of arms and ammunition.

Tony Hawkins adds from Harare; Responding to Pretoria's threat to use hot pursuit tacties against ANC guerrillas infiltrated into South Africa from Zimbabwe, Dr Witness Mangwende, the Foreign Minister, yesterday reiterated Zimbabwe's support

for tough economic sanctions against Pretoria: Dr Mangwende while not commenting directly on South Africa's threat to use force against its northern neighbour said economic sanctions against Pretoria were imperative because the Botha Government

the latest incidents indicate that this policy decision is now being put into effect.

It is the second time that Sasol has been the target of it was using Zimbabwe as a Cape Town, was also damaged been launched from within by ANC sabotage attacks. South Africa, a spokesman Meanwhile, security forces said last night. No immediate yesterday cordonned off areas comment was available on the

Angolan, US talks end

BY PATTI WALDMEIR IN LUSAKA

ANGOLAN and US officials yesterday ended two days of talks in Lusaka which are believed to have focused on the linked issues of the threat of US support for anti-government rebels in Angola, the withdrawal of Cuban troops from the country and the future of Namibia.

Neither side was prepared to comment on the talks, which were the first since Luanda angrily suspended all contacts

with Washington in July after the US House of Representa-tives voted to repeal the Clark Amendment which banned military aid to the Unita rebels of Dr Jonas Savimbi.

The chief US negotiator, Dr Chester Crocker, will have had the opportunity to press for further concessions from the Angolans on the vexed issue of the withdrawal of some 25,000 Cuban troops supporting the Marxist government in Luarke.



Kingdom of Sweden

U.S. \$500,000,000

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In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 29th November, 1985 to 29th May, 1986 the Notes will carry an Interest Rate of 81/16% per annum. Interest payable on 29th May, 1986 will amount to U.S.\$405-36 per U.S.\$10,000 Note.

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U.S. \$150,000,000 Floating Rate Subordinated Notes

due 1992

provisions of the Notes, notice is hereby given that for the Interest period. 29th November, 1985 to 30th December, 1985 the Notes will carry an Interest Rate of 8.28/5% per annum. Interest payable on the relevant interest payment date 30th December, 1985 will amount

rgan Guaranty Trust mpany of New York

to US\$71.36 per US\$10,000

Wells Fargo International Financing Corporation N.V. U.S. \$50,000,000

Guaranteed Floating Rate Subordinated Notes due 1996 rovisions of the Notes, notic is hereby given that for the

Interest Sub-period 29th November, 1985 to 31st December, 1985 the Notes will carry an Interest Rate of 81/1% per annum. The Interest accrued for the ove period and payable on 31st January, 1986 will be US \$73.33.

Agent Bank: Morgan Guaranty Trust Company of New York

BY SAMUEL SENOREN IN MANILA

CHINA IS joining the Asian Development Bank early next year to become the Manilaorganisation's 46th member following years of stalemate on the issue of Taiwan's membership of the

Taiwan-under the name of Republic of China in ADBis expected to retain its membership in what appeared to be a compromise resulting from lengthy negotiations between the ADB and the two

A bank spokesman told a press conference on Wednesday that China's entry into will not affect the

China formally filed its application for membership Wednesday morning and a bank announcement said it "will receive prompt and due consideration." A bank consideration." A bank spokesman said China was expected to become a member before next April's annual meeting in Manila. The prospect of having two Chinas in the bank has been a highly sensitive issue. But the bank spokesman said with the entry of China, appro-priate "administrative" priate

China applies to join Asian Development Bank

arrangements would be made. It is not clear, however, what name Talwan would use in the bank although there was talk of the possibility of using China-Taipei rather than Republic of China. Details of the arrangements have not been disclosed.

When it joins ADB, China India, with a capital sub-

will rank third in the bank in terms of capital subscrip-tion and voting power after the US and Japan which hold equal shares and votes. Col-lectively, the US and Japan control 33.5 per cent of the bank's equity.
The spokesman did not give

the exact amount of China's stake, but hinted that it would be slightly more than India's which now is the third largest shareholder in the

112m shares with a voting power equivalent to 6.69 per cent of the total. Taiwan, on the other hand, accounts for only 134 per cent of total subscriptions and 1.51 per cent of total votes. Founded in 1966, the ADB

had paid-up capital of \$1.86bn as of September 30 on overall subscription of \$15.4bn. Its total lean portfolio stood at \$16.1bn covering 737 loan applications from 27 borrowing member countries.

in the ADB after China form ally applied to join the Manila-based organisation, Reuter writes from Taipei. "The Republic of China (Taiwan) is a founder mem-ber of the ADB since its in-ception in 1966 and has always fulfilled its obligations,"

said a senior central bank official, who declined to be named. "Our membership in the ADB should not be jeopardised by the entry of a new member, he said.

REALISTIC APPROACH TO THE COUNTRY'S PROBLEMS

New Sierra Leone leader pledges economic reform

UNUSUALLY FOR a West
African state, Sierra Leone
yesterday peacefully installed a
new President, ending 17 years
of increasingly controversial
rule by former President Siaka
Stevens, who has retired at the
age of 80.

President Joseph Momoh,
who assumed power
peacefully yesterday is
Chief of the Army, re-

age of 80.

His successor, Major General Joseph Saidu Momoh, 48, has been commander of the army for 14 years and a Cabinet Minister for 11. He was elected in a referendum with support from more than 90 per cent of the voters. Well educated and a devout Christian, he appears determined to root out the inefficiency, corruption and mismanagement which have characmanagement which have charac-terised what ought to be one of Africa's more better-off coun-

Slerra Leone won independ-rife, ence from Britain in 1961 and has been run as a one-party state. It has substantial resources, including diamond, gold and mineral reserves, good agricultural land and the best natural harbour in Africa.

Philippine

GNP hit by

The Philippine gross national

product contracted by 3.26 per cent by the end of the third quarter, compared to the first nine months of last year, as the much awaited economic recovery failed to materialise.

Mr. Vincente, Valdenges, Win.

Mr Vicente Valdepenas, Min-ister of Economic Planning

blamed the contraction chiefly on the performance of exports which fell 18 per cent. Most Philippine export products, par-ticularly sugar, coconut and

nicularly sugar, coconut and minerals, are suffering from de-

Court yesterday dismissed a petition calling for a retrial of 26 men accused of involvement

in the murder of Mr Benigno Aquino, the opposition leader.

New Zealand's anti-nuclear law would not compromise US policy of refusing to say which of its ships and aircraft carry

nuclear weapons, Prime Minis-ter David Lange told Reuter in After presenting a draft of the controversial legislation to MPs yesterday, Mr Lange said the draft had been changed so that it both cemented Welling-

ton's ban on nuclear-armed or nuclear-powered vessels and

was "true to the stand which the United States . . . requires, or respect for its neither-confirm-nor-deny policy."

Mr Lange told visiting mem-bers of the European Parliament that nuclear ships would be

allowed port access in "special circumstances," writes Our Wellington Correspondent. This locluded nuclear ships in

Union Carbide blamed for Bhopal disaster

Indian authorities, in their first court statement on the Bhopal gas disaster, told a judi-

Bhopal gas disaster, told a judicial inquiry commission yesterday that Union Carbide had built an inferior plant and was responsible for the gas leak that killed more than 2,000 people, AP reports from New Delhi.

The Madhya Pradesh state government also said in a court document that the US-based multipational corporation was

multinational corporation was responsible for a series of safety lapses at the pesticide

plant where deadly methyliso-cyanate leaked last December.

BANCO DI SANTO SPIRITO

US\$100,000,000

Floating Rate Deposits due 1991 NOTICE IS HEREBY GIVEN

NOTICE IS HEREBY GIVEN that for the Interest Period from 29th November, 1985 to 29th May, 1986 the Notes will carry a Rate of Interest of 8½ per annum and that the Interest payable on the relevant Interest Payment Date, 29th May, 1986, will amount to US\$414.79 per US\$10,000 Deposit.

Agent Bank:

organ Guaranty Trust ompany of New York

pressed world prices.

The Philippine

NZ amends

N-ship ban

export fall

peacefully yesterday is Chief of the Army, reports a Special Corres-He has pondent. promised to put an end to the inefficiency and corruption which has dogged Sierra Leone's already found a catchohrase: development.

imports. Poverty is widespread and increasing and corruption is

Gen Momoh takes a realistic approach to the country's prob-lems, "It is a Herculean task to start approaching them," he said in an interview. "People should not think I have a magic wand; if anyone thinks that yet it is in dire economic overnight I will wipe out the traits. It has an overvalued queues for petrol, that rice will Yet it is in thre economic overnight I will wife out the straits. It has an overvalued queues for petrol, that rice will currency and an inflation rate be flowing all over the place, of 70 per cent. A net importer medicine in the hospitals, of oil and food, it suffers a salary increases, he is dream-chronic inability to generate the ing. Some of these problems foreign exchange to pay for its are beyond our control."

Even in cases where people have been squandering funds, nothing much happens. For a Minister, a punishment is to transfer him to another Minister. try—he doesn't lose seniority, he doesn't forfeit any part of his earnings, nor refund the money. So it is not a punish-ment."

But for all the promises of reform, there are many sceptics and Gen Momoh's critics have "new man, same jacket." They argue that Mr Stevens selected Gen Momoh and that he would not have chosen someone who might damage his reputation or endanger his personal security subsequently.

Gen Momoh maintains that he is independent of the old order: "I am a professional soldier. I believe that the rules must be obeyed. As long as I am con-vinced, I don't even want to know who is going to be affected. My prime concern is

justice." The government's



their corruption inefficiency. He admits this is easier said than done, but if successful he will have the money to raise salaries and thereby remove one of the prime causes of corruption.

He has promised a full repolicies, says Gen Momoh, have view of major institutions, such two main principles: to ensure as the central bank, and of the that revenue is channelled correctly through the Governeral through the Governeral foreign exchange. "We ment; and to purge institutions will tell them they have been

enjoying a holiday for too long.
For us now, it is a matter of life or death and anybody who makes any attempt at putting obstacles in our way will not be Gen Momoh's new unit will

ably Sierra Leone's most suc-cessful businessman employing bring in sufficient revenue to 7,000 people and with interests solve the foreign exchange in many sectors of the economy including diamonds, gold, oil, is unlikely that he could meet fishing and agriculture.

His wealth has attracted crifrom jealousy.

General Momoh says that Mr
Jamil should be treated with
respect. "He employs many rent stalemate in negotiations
people and provides money for for a loan from the Internamany projects. I am not in a tional Monetary Fund (IMF), position to know, but I look held up over Fund demands for forward to the day when he a substantial devaluation and will be able to prove his critics cuts in food and fuel subsidies, right or wrong."

Although Gen Momoh appears

Other measures which Gen more flexible than his predeces-Momoh proposes include a sor, the Government's first task, major enlargement of the anti-smuggling squad. Smuggling order and end corruption and may account for as much as 90 mismanagement.

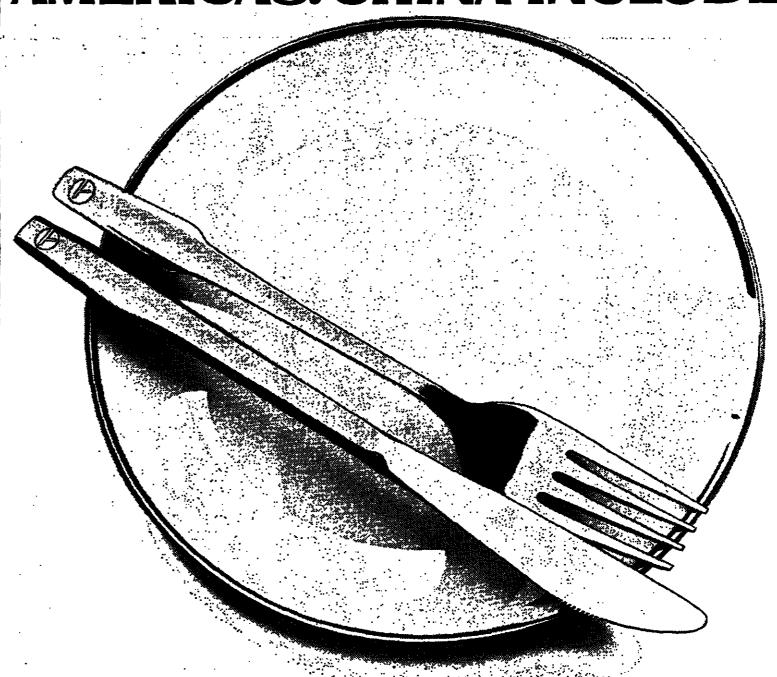
Among the companies to come under government scrutiny will be those belonging to Jamil Sahid Mohamed, probably Sierra Leone's most successful businessman employing Gen Momoh's new unit will anything like this target.

Gen Momoh also promises to ticism, but Mr Jamil himself "smash the thriving black has publicly welcomed the pros-market: "We know the areas pect of a Government inquiry, where black market activities saying that allegations of irreguare taking place and they will be larities are unfounded and stem constantly raided by police and army."

for a loan from the Interna-tional Monetary Fund (IMF).

Although Gen Momoh appears

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probably starting from next japanese newspaper, reported pronth and Toyota from next yesterday an internal Toyota calculation that an increase of This will be the second price just one yen against the dollar increase for the three manufacturers in the US market in recent weeks. In October, they put into effect increases ranging from 1 per cent on average for Nissan, to 1.3 per cent for Toyota and 4.3 per cent for Toyota and 4.3 per cent for Honda.

School The Company about \$20m in export earnings of close to \$800m.

Much, however, depends on

Higher prices apply to cars shipped to the US, which still form the bulk of total Japanese car sales in that country.

All the Japanese car companies have profited greatly sensitive. It is expected, therefore, that undervalued yen and voluntary the increases for more expen-restraints on car shipments to siv models which yield greater

The rule of thumb had been the sub-compact sector, where that with the yen in the 250- selling price is more important.

India likely to buy turbo-prop aircraft

INDIA is expected to buy 40-50seater turbo-prop passenger aircraft for its Government-owned Vayudoot feeder airline and six to 10-seat aircraft for new fleets of private-sector air taxis as part of a major expansion of the country's aviation Services.

This is in addition to orders for 40-50 helicopters likely to be placed soon with Westland of the UK and Aerospatiale of France by the country's new public-sector helicopter corpor-

These orders follow a wide-ranging review of India's aviation business carried out by Mr Rajiv Gandhi, India's Prime Minister, and a former Indian Airlines pilot, when he held the Aviation Ministry portfolio earlier this year.

Domestic air passenger traffic is growing by about 11 per cent a year and air cargo by about 16 per cent. A new national airports authority is being set up by legislation now passing through parliament to take over the country's 87 domestic airports

and 22 civil section of military aerodromes. It will also run India's air traffic control operations. The country's first central flying

school to produce 40 commercial pilots a year is also to be opened early next year. Plans for fleets of air taxis, which will mark the private sector's first entry into Indian sectors first entry into indian aviation since the 1950s, are being finalised. They will probably be limited to six to 10-seater fixed-wing aircraft and will not be allowed to operate scheduled flights.

The helicopter corporation, set up last month, will probably provide general passenger ser-vices as well as serving oil and natural gas corporation offshore oil rigs and other public sector

Within five years the corporation will probably purchase more than 100 helicopters. It plans to start, subject to cabinet approval, by accepting offers originally made for 42 oil rig and six VIP helicopters by Westland and Aérospatiale worth a total of £125m-£145m. The Vayudoot feeder airline, which was set up in 1981, is being expanded rapidly and will next year take over 19 ageing HS 748 and Fokker Friendship propellor passenger aircraft from Indian airlines, the main domestic airline, which will then become an all-jet service. Vayudoot's new 40-50-seater turbo props, which it is to start discussing with overseas manuoperating profit margin of 3.5
per cent.

This compares to an average operating profit margin of 1.8

European countries accounted facturers such as British Aeropare and Fokker soon, will be replacements for the HS 748s and Friendships. It is already Thai bus contract becomes two-horse race

On the apparent suggestion Until last month the clear of the BMTA, it is not only

its £385m proposals were eventually rejected by the Thai Cabinet because they would add heavily to the country's foreign

debt burden.
At the time it was thought that the Thais would not con-sider another big project as an alternative, but it has trans-pired that a \$230m bid by another consortium, led by Motor and Leasing of Singapore, has been discussed with the Bang-kok Mass Transit Authority (BMTA).

Such a move by the Thais Such a move by the Thais might reasonably have been expected had the British actually been told their plans had been rejected. But the consortium has heard no formal word either way since the reported Cabinet decision. Although it quickly submitted an attractive f94m revised proposal to make a start on the project, it has re-ceived no official response to this either.

the uncertainty over the Leyland consortium's status, has closed in January, a BMTA meanwhile agreed to revise the evaluation committee announterms of its original proposal ced that the Leyland and Motor to reduce its scale and the and Leasing proposals had come foreign exchange burden it out on top, beating others like would impose.

Chris Sherwell explains how Leyland's expectations have been lowered

far ahead even of Motor and

front-runner was a British consortium, led by Leyland Bus and including the National Bus Company and MVA Consultants. But despite technical approval.

But despite technical approval.

Continuity and a appropriate of the matter to a special continuity and apparation of committee. But by October, content; and an expansion of committee. But by October,

> A Singapore company has emerged as a second strong contender in the race to modernise Bangkok's bus system. But the attitude of the Government to either consortium has not yet become clear.

the counter-trade element already incorporated in the

The net result is that both companies are now competing for the same project with similar proposals without being sure exactly where they stand. The project as originally con-ceived is vast. It calls for the supply of thousands of buses, the construction of numerous depots and works, the development of a training programme, the re-organisation of the BMTA's management, the re-payment of the agency's huge debts and its early return to

Motor and Leasing, despite profit.

Two months after tenders

when the Cabinet finally dis-cussed it again, the country's economic picture was bleaker and the Government had been rocked by an attempted coup. The less-than-discreet switch of attention to Motor & Leasof attention to motor of these ing's proposal has raised some British hackles, but the Thai move is neither surprising, to judge by other contract races in the past, nor senseless from the purely commercial point of

Whereas the Leyland consortium proposed the supply of 4,000 ordinary and air-conditioned buses, many of them fabricated in Britain, Motor & Leasing suggested 3,000 new buses and the renovation of another 1,500.

view, given the worries over the

scale of the project.

Motor & Leasing's numbers are now undergoing revision — probably to 2,500 and 2,000

To THE surprise of no one who has chased a Thai contract before, a virtual one-horse race for the valuable business of reforming Bangkok's debt-ridden bus system now has two compandation petitors duelling for a smaller on the annarent suggestion of the supprise of no one who has company, a private concatally and possible possible business of reforming Bangkok's debt-ridden buses, with ventures in Thainage and Pegaso of Spain.

Leyland was said then to have won close to the maximum number of votes from the committee, and to have come out senior partner in a local joint supprise. Company, a Thai corporation from four which is Motor & Leasing's ministries.

Motor & Leasing originally estimated the local content for its project at 60 per cent, but it is now looking at ways to increase this to 75 per cent for example, by using Thai rather than Korean contractors to build thet depots. Leyland, too, has made a commitment on local content, but it is difficult to see how it can match Motor & Leasing without affecting its objective of ensuring continued jobs in Britain.

BMTA's debts.

This has not effort being m

The main imports under the Motor and Leasing plan will be of bus engines from Daewoo Heavy Industries of South Korea, which makes them under licence from MAN of West Ger-many. The company is already supplying Chai Yont with chassis components.

Also helping put the deal together is an unexpected out-sider—Northrop Corporation, the US aerospace manufacturer. Northrop is assisting on the counter-trade front because the export of chassis and engines by Daewoo will be counted as an offset for Northrop's sale of F-5 aircraft to South Korea. Motor and Leasing is hoping turned into a classic Thai contract contest in which no one is Continental Grain, will also be able to help on the counter-trade front by marketing Thai rice, malze and tapioca. Whether the Thais would be happy to counter-trade such in-

modities is unclear, but the matter will take time since such deals usually require approvais from four different government

Because Motor and Leasing has former employees of the huge Singapore Bus Service on its staff and would seek further advice from SBS itself, it believes it can help the BMTA reform and manage its bus sys-tem. Where it cannot match the British proposals is on government aid-something London offered only reluctantly but which Singapore would not give

and over the repayment of

This has not prevented every effort being made to promote the Motor and Leasing bid. The ambassadars to Thailand for Singapore, Malaysia and even South Korea have each to Sangapore the Sangapore of the Sangapor seen Mr Samak Sundaravej, the That Communications Minister. to lobby for support.

question The whether a scaled-back version of Motor and Leasing's proposals to make them still cheaper will achieve the lofty cheaper will achieve the lotty aims originally set by the BMTA which has accumulated more than Baht 4bn (£106m) in debts and is still losing money at a rate of Baht 2m each day. Either way, the battle for Bangkok's bus business has tract contest in which no one is now prepared to predict the

outcome. It even remains possible that no project at all will go ahead—a result that might be the worst possible, economically and politically.

Foreign investment in Japan falls by 39%

Japanese groups

FOREIGN investment in Japan dropped by 39 per cent in fiscal 1984, according to Japanese government statistics.

Investment by foreign com panies in Japan had jumped sharply between fiscal 1980 and 1983, from about \$300m (£214m) to \$810m. Last year, however, investment fell to \$193m, according to government

Government officials vesterday were reluctant to give any reasons for the large drop in investment, saying only that foreign investment is still at a relatively low level and is subject to large fluctuations.

Total sales of the foreign affiliates accounted for 1.5 per cent of sales by all Japanese companies, according to a Miti poll of foreign-owned companies operating in Japan.

The poll, covering financial results for fiscal 1983, found that the foreign companies in

Japan recorded an average operating profit margin of 3.5

NIPPON Telegraph and Tele-phone (NTT) has chosen Mr Liouel Olmer, former US Under-Secretary of Commerce for International Trade, and Mr Martin Feldstein, former top economic adviser to President Ronald Reagan, as advisers to its president, Mr Hisashi Shinto, agencies reports from Tokyo. NTT is seeking the advisers the two seeking the advice of the two senior former Reagan Administration officials in an

per cent of the accumulated investment in Japan by foreign companies was in the manufacturing sector.

US companies accounted for nearly half the total foreign investment in Japan, with a total of \$2.66bn by the end of

(£1,428) per vehicle. With the Japanese industry

costs the company about \$20m

Much, however, depends on the mix of models sold to the

US. Japanese manufacturers have been enjoying considerable

success at the upper and of the quality market in the US, which

effort to ease trade friction between the two countries The survey showed that 74

the last fiscal year. European countries accounted

Foreign companies employ introducing 10 19-seat Dornier about 14,000 workers in Japan | 228 alreraft into service.

Brazil debt move unlikely to hit UK exporters

BY CHRISTIAN TYLER, TRADE EDITOR

ternational Monetary Fund may be less severe than appears at

UK trade with Brazil is relatively small, but has improved in thepast two years.

Although government insur-ance for exports sold on medium-term credit will in gen-eral continue to be unavailable, there is little business of this kind to be had, according to one leading exporter. Furthermore, Brazil's appar-

ent refusal to agree IMF terms for rescheduling its debt does not mean it will for ever be capital goodenied official insurance cover. very thin. Venezuela, for example, refused to do a deal with the IMF are felt to have held up well, but has been put back on cover however. Taking exports as a by Britain's Export Credits whole, there was a large in-Guarantee Department for crease, admittedly from a small selected propects because it base, to £185m-worth in the first has shown it can pay its bills. nine months of last year, dropfor medium-term cover on same period this year.

THE IMPACT on British ex- Brazil by British exporters, acporters of Brazil's decision to cording to the ECGD. But in-halt negotiations with the In-quiries have tailed off recently. Nonetheless, the announcement by Brazil's finance minister Mr Dilson Funaro on Tuesday, was described as very

disappointing by some traders. A government-backed marketing strategy for exporting to Brazil and other relatively sound Latin American countries was launched recently.

Some deliveries for projects undertaken before Brazil reached its debt crisis are going ahead. But new project busi-ness, and opportunities for capital goods exports, have been

Other LIK exports to Brazil

Bechtel to seek buyer for Austria N-plant

By Patrick Blum in Vienna

AUSTRIA HAS awarded a contract to Bechtel of the US to find a buyer for its completed but unused nuclear power plant

Gemeinschaftkraftswerk Tullnerfeld, the holding company for the power plant, owned by Austria's electricity utilitie decided yesterday to award the Sch 10m (£380,000) contract to Bechtel, giving it until June 30 next year to find a buyer.

The Zwentendorf power plant which lies 30 miles west of Vienna along the Danube was completed in 1978 but was never used because a referen-dum in the same year came out against commissioning it.

Several attempts by the Government to overcome constitutional obstacles to reverse that decision have failed, and last July the group decided to pursue bids by three companies There has been some demand ping slightly to £156m over the on the suitability of dismantl-

Iraq agrees to supply Kuwait with gas BY RICHARD JOHNS

IRAQ HAS agreed to supply Western Europe for supplies Kuwait with 200m cubic feet of from the Soviet Union and gas per day from the middle Algeria.

of next year, rising to 400m cipd at the end of 1986.

Kuwait is also to go ahead with a 20-inch 150-mile pipeline

power plants to make available pletion. as much oil as possible from the Initia maximum output of 900,000 barrels a day allowed it under sharing pact.

So far Kuwait's intensive search for gas in the Khuff Zone has only found deposits of light crude. All the state utilities have been converted to dual-firing but the Government wants to minimise the use of the converted to the converted to dual-firing but the Government to Ceyhan on Turkey's Mediterrants to minimise the use of the convertices of the con wants to minimise the use of

export agreement — for the gas, and aims at facilitating more according to the Middle East joint venture projects.

delivered price of \$3.80-\$4.0 in association with Tunisia.

The gas will be fed to to Iraq's Rumaila oil field, with a power plants to make amiliation. Initially 200m c.f.p.d. of gas

associated with oil produced for pumping across the Arabian the Organisation of Petroleum Peninsula to the Saudi terminal Exporting Countries' output at Yanbu on the Read Sea coast will be supplied to Kuwait.

operational by the end of 1986. Knwait and Iraq have agreed Kuwait last week signed an a price of \$1 per million BTU agreement with China which the world's lowest under any guarantees future investments

according to the Middle East joint venture projects.

Economic Survey.

It is close to the \$1.25 paid by Dubai for gas from Sharjah but far below the current border far below the current border.

AMERICAN NEWS

US tries to limit damage over 'Israel spy case'

BY REGINALD DALE, US EDITOR IN WASHINGTON

THE "REAGAN" Administra-THE "REAGAN" Administra-tion was yesterday trying to limit the potential damage to US-Isracli relations from a mysterious espionage affair in which a US Navy intelligence expert has been accused of spying for Israel. Mr Jonathan lay Pollard 31 a civilian payy Jay Pollard, 31, a civilan navy counter-terrorism expert, was ordered held without bail on Wednesday to face charges that he had sold classified secrets to Israel for some \$45,000 (£30,600) over the past 18

The Pollard case is the strangest of the latest spate of US spy scandals, because Israel is one of the US's closest allies, from whom few relevant secrets are withheld. The two countries are also meant to have an informal agreement not to spy on each other or infiltrate each other's intelligence services.

While some law enforcement officials in Washington are com-plaining privately that the Israelis are not co-operating very hard in their investigations, the State Department is publicly dismissing reports of tension between the two governments. It has been "assured of the full co-operation of the Israeli Government." the Department says.

had made a specific request to interview two Israeli diplomats who were hastily recalled from the US to Israel, apparently in connection with the affair.

It would be most unusual, in Israel, including the exchange the exchange the exchange the israeli is reported to have replied: "If you can shake your surveillance, we'll see your surveillance, we'll see that if anything, the work-however, were watching the embassy from across the street.

writes: Pollard may have for each state.

The state of t for embassy matters, but by the Defence Ministry.

Israeli officials enquiring in-Israeli officials enquiring into the Pollard affair — which is causing increasing embarrassment in Jerusalem — confirmed yesterday that two Israeli diplomats were recalled in a hurry from Washington this week on the instructions of the Defense instructions of the Defence Ministry. headed by Mr Yitzhak Rabin.

Ravid, an assistant to the science attache in Washing-ton, and Mr Jossi Yagur, information in Israel's con-sulate in New York. Both report to the Defence Minis-try in Tel Aviv and are not responsible to the ambassador in Washington. A third

The two men are Mr Elan

demanded the return of all documents allegedly provided by Mr Pollard. Mr Shimon Peres, the Israeli Prime Minister, said yesterday evening that any conclusions reached as a result of the investigation into the Pollard case would be intended to avoid future intelligence hitches between Israel and the US. the US.

The case was discussed by by the inner Cabinet yesterday and it is thought an interm report will be sent to

diplomat may also have been

sudden repatriations and has demanded the return of all

The US is angry about the

days.

Israel is becoming increasingly embarrassed by the possible implications of the spy scandal now surrounding its relations with the US. When Mr Pollard was arrested a week ago officials in Jerusalem were astounded. It was one thing to endorse espionage: quite another to admit to spying on one's chief friend and benefactor.

Washington within a few

however, for diplomats to give two countries has grown closer In Israel, the US Embassy up their immunity to submit in recent years, with the US said yesterday that the US was impressed that Israel is trying to get to the bottom of this." Israeli leaders were "as Israelis were conducting their ever, have complained that the US was in the US said yesterday that the US was impressed that Israel is trying to questioning by a forcign giving Israel access to more data from its reconnaissance satellites. Some Israelis, however, have complained that the Israelis leaders were "as shocked as we are" by the allegations and the last thing they wanted was to damage US.

Israelis were conducting their ever, have complained that the US has not provided all the information and that Israel wanted, they wanted was to damage US.

Israelis were conducting their ever, have complained that the US has not provided all the information that Israel wanted, they wanted was to damage US.

In Washington, the State Department said that it expected that he US Jusice Department would "have the opportunity to interview any Israelis who man have the control of the polar case and assumed that it had not been authorised by the Pollar case and assumed that if he had spied for Israelis that if he had spied for Israelis that it had not been authorised by regular government.

Mr Pollard was arrested on Thursday outside the Israelis that if he had spied for Israelis that if he had spied for Israelis that the said that chart should be said that chart should be said that the said that chart should be said that the said that should be said that shoul Department said that it expected that he US Jusice Department would "have the opportunity to interview any Israelis who may be involved."

It was not clear if the US had made a specific request to peration between the US and had made a specific request to peration between the US and israeli official to say that his intelligence and military cooperation between the US and by the FBI and he needed help.

Israel, including the exchange of highly sensitive secrets replied: "If you can shake that it expected that he US justices that it expected that he US justices that it he had spied for Israel tuary there. US sources have that if he had spied for Israel tuary there. US sources have to the embassy he telephoned an Israeli official to say that his intelligence and military cooperation between the US and by the FBI and he needed help.

to defeat for Parti Quebecois

By Robert Gibbens in Montreal

Polls point

OPINION polis point towards a defeat for the Parti Quebecols in the Quebec general election on Monday. The party, in power since 1976, initially demanded sovereignty or independence for the French-speaking Canadian province, but both words have been dropped from the party lexicon since Mr Pierre-Marc Johnson re-Mr Pierre-Marc Johnson re-placed Mr Rene Levesque as

Since the election was announced in mid-October, announced in mid-October, polis have shown the Quebec Liberals with a lead in popularity of 8 to 9 percentage points, though Mr Johnson, 39, son of late premier Daniel Johnson, is well ahead of the Liberal leader, Mr Robert Bourassa, 52, as the most acceptable leader.

One major poll conducted on November 11 to 19, adjusted to distribute a 16 adjusted to distribute a 16 per cent undecided vote, gave the Liberals 51 per cent of the votes against 42 per cent for the PQ. Though several others have been less favourable, these figures suggest the Liberals, with the exception of last minute blunders, could win around 70 seats in the 122-seat National Assembly, against 40 National Assembly, against 40 to 45 for the PQ.

The strategy to promote Mr Johnson and his personality has brought the PQ up from a low point in public esteem. However, despite his personal popularity, he has not been able to re-establish public confidence in his team or in the PQ's ability Mr Bourassa has presented a more decisive image to live down his past—he lost the 1976 election to Mr Levesque —and has recruited several prestigious candidates from the business world to buttress his promises of better economic management.

Mexican Congress debates torture Bill

BY DAYID GARDNER IN MEXICO CITY

The vigour with which the PRI, in power for 56 years, and the small and fractured Left appear to have joined in exposing some of the darkest cor-ners of Mexican law enforcetraditionally less-than-vigourous rubber stamp legislature, where the ruling party has always had an unassailable majority.

The Bill to outlaw and in the police readily resort to were blocked by the PRI outnumbers are majority.

The Bill to outlaw and in the police readily resort to were blocked by the PRI outnumbers and murder. These and similar the opposition, left and right words were used by President by three to a left and right assumed.

MEXICO'S ruling Institutional of an official investigation into when the army crushed forum for its initiatives. Revolutionary Party (PRI) has the incident, that the detainees scattered attempts by the left brought legislation before the were drug traffickers and that to start a guerrilla war.

A revival in activity is being seen in the Mexican legislature, dominated for years by the ruling legislature, dominated for years by the ruling party and traditionally viewed as a rubber stamp.

An influx of new blood is forcing the Government can Workers Party (PMT) and

the opposition, left and right, by three to one in the lower house and is the sole party represented in the Senate.

Traditionally, the Government

Revolutionary Party (FRI) has brought legislation before the Senate banning torture, while the country's Left-wing opposition was yesterday due to introduce a Bill in Congress whereabouts of their merchantion was yesterday due to introduce a Bill in Congress and "disappeared" persons.

The vigour with which the Turney General in the Mexican should be interested and that to start a guerrilla war.

Furthermore, opposition Seenate to prepare public attempts to get Mrs Victoria adato, the Mexico City shall entry into the General Adato, the Mexico City shall entry into the General Adato, the Mexico City and Congress about the bodies already knew: that elements of found in the ruins of her office, initiative on the problem of illegal Mexican emigration to the US. The ruling party for example, recently used the

assured of a free ride in Congress, their speeches punctuated by applause from the PRI bettches.

The Bill to outlaw and increase the penalties for practising torture, which is explicitly forbidden by the constitution, comes two months after the discovery of the badly tortured bodies of four Colombians and two Mexicans in the rubble of the Mexico City Government Attorney General's office, which was destroyed by September's earthquakes.

It is widely assumed, in lieu miguel de la magura and a special to the police academy in to the police academy in the Senate.

Yet despte this greater airing is the sole initiator of legislation which it then passes to Congress to be ratified.

But despite this arithmetical superiority, which was not altered by the July 7 mid-term elections, there has been an influx of new blood from the cover, for example, over, for example, over for example is the sole initiator of legislation which it then passes to Congress to be ratified.

But despite this arithmetical superiority, which was not altered by the July 7 mid-term elections, there has been an influx of new blood from the cover, for example, over for example is the sole initiator of legislation which it then passes to Congress to be ratified.

But despite this arithmetical superiority, which was not altered by the July 7 mid-term elections, there has been an influx of new blood from the c

Garcia extends deadline to renegotiate oil contracts

BY DOREEN GILLESPIE IN LIMA

On August 28 President legislation.

On August 28 President legislation.

Garcia rescinded the operating contracts of Occidental Petroleum. Belco and Bridas and laid down a 90 day deadline to complete the negotiations for complete the negotiations for the state of the state of

PRESIDENT Alan Garcia of his concern for an agreement. PRESIDENT Alan Garcia of his concern for an agreement. Peru has agreed to extend by The previous contracts envis30 days the deadline for three foreign oil companies to renegotiate their contracts. However, he has refused to budge President's desire for an agreeon his controversial demand that the oil companies reimhurse substantial tax credits on trying to enforce retroactive. burse substantial tax credits on trying to enforce retroactive

laid down a 90 day deadline to complete the negotiations for panies tax credits as an incentrevised contracts. Since then the tive to investments. President three companies and the Government have been locked in tortuous negotiations.

In extending the deadline, President Garcia has indicated within the next 15 days.

Canadian minister to be reinstated after poll probe

BY BERNARD SIMON IN TORONTO

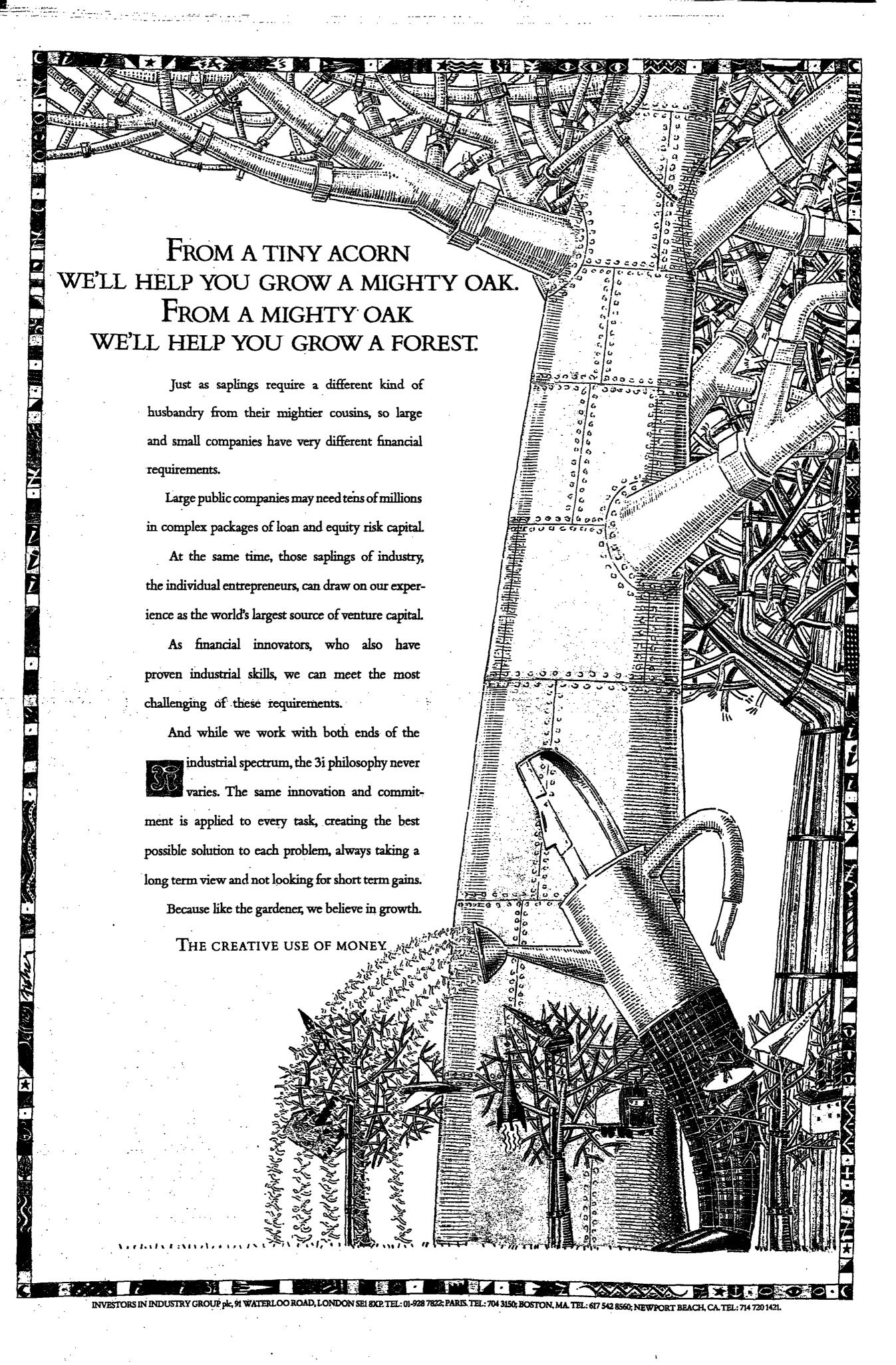
Brian Mulroney, is expected to reinstate his former Communications Minister, Mr Marcel Masse, to the Cabinet after a decision by the police and election authorities not to charge Mr Masse following an investigation into election and masse's campaign.

gation into election spending. Cabinet on September 25 after an announcement that the police were investigating spending in his Quebec constituency during the general election campaign paign

Although proclaiming his innocence, Mr Masse resigned to save the Government from possible embarrassment. His departure from the Cabinet was

CANADA'S Prime Minister, Mr the second resignation in 8

Before his resignation, Mr Mr Masse resigned from the Masse had emerged as the most influential Francophone member of the Mulroney Cabinet. He pleased Canadian book publishers last July by unveiling controversial guidelines to encourage greater Canadian ownership in the publishing industry at the expectation. dustry at the expense of foreign investors. The guidelines have become a source of friction in US Canada relations.



Tackling the heart of the problem

Peter Marsh reports on how a mini-pump could make replacement therapy redundant

REPLACING defective hearts able hearts—many of them usually positioned in the with artificial organs is technological overkill, according to cycle accidents—become avail the heart, leaving the organ's natural natur A better solution say its re-searchers, is to leave the damaged heart intact and boost it with a man-made pumping device implanted alongside.

It looks as if Thermedics, a subsidiary of Thermo Electron. \$275m-turnover company ch makes instruments, power generators and process controllers, may be on the right

The company, formerly Thermo Electron's biomedical systems division, has received \$34m over the past 20 \$34m over the past 20 years from the US National Heart. Lung and Blood Institute to fund ideas in miniature pumps.

After a series of tests on people and animals with airpowered devices (which require a cumbersome compressor), the company plans that in 1987 the first person will receive a permanent pump driven by a 12volt battery that can be tucked away discreetly under clothing.

planting the pump will cost supply the lungs, about \$100,000 a patient, roughly the same as implanting an artificial heart (such as the of the heart's w Jarvik-7 device tried out on several occasions in the US) or transplanting a real heart.

poulos. represents the best fuel tank of an average car in possible solution. But each year in the US, only 2,000 suit-

Thermedics' strategy is to continues its function of provid-ing hormones and other supplying the body's vascular materials to nourish the body. system, at the top of the heart.

The company's pump is con-nected to one of the heart's two major chambers, the left ven-tricle. In a healthy person the

Strategy is to supplement, not to replace, the

away discreetly under clothing, the arteries that supply the Mr John Hatsopoulos, Therouter reaches of the body, medics vice president, says im-leaving the right ventricle to

For a fit person, the left ventricle does about 80 per cent from materials such as titanium capacity the ventricle pumps blood at 2,000 litres an hour. A transplant, says Mr Hatso. At this rate, it would empty the

The Thermedics pump

Thermedics, a two-year-old company in Woburn, Massachusetts.

A better solution say its re
cycle accidents—become availnatural pathways undisturbed.

The pump can fit into the hand and looks like a large metal yo-yo with two tubes sticking

> Blood is channelled into the supplement, not replace, the natural heart. This reduces the bottom of the left ventricle. The trauma of the operation. It also pump passes the liquid through ensures that the natural heart another channel which leads to

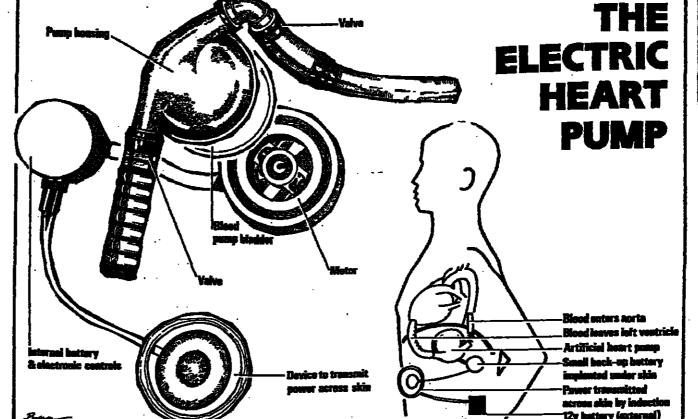
> > When the natural heart empties blood into one of Thermedics' existing air-driven devices, a control system triggers a pulse of air to push a diaphragm responsible for the mping action.

In the new battery-powered devices under development, the air pulse wil be replaced by a burst of current that powers a left ventricle, using the heart's muscular spasms as motive force, receives blood from the veins and pushes the liquid into the arteries.

heart's own pumping rate to keep the implant working in Thermedics makes the pump

of the heart's work. At top and certain types of plastic that do not leak harmful materials into the blood stream.

The diaphragm has to be highly durable. It must flex some 40m times a year, in tune with the heart's natural beat.



scientists, parts made of sili-cone, a tough, inert material often used in biomedical devices, would wear out in six months if subjected to such

For this application, Thermedics engineered a new poly-urethane called Tecofiex, which is judged resilient enough for the pump and has other appli-cations, for instance in artificial arteries.

The company coats the inside of the pumping chamber with another form of plastic with surface features such that components from the patient's own blood "grow" on it. This is similar to the way the shell of a crab picks up

The technique reduces the risk that blood entering the artificial device will clot as a result of encountering a foreign surface.

Another innovation the way the electric device receives power from a nickel-cadmium battery worn externally. In Thermedics' socalled transcutaneous transmis-sion system, electricity is channelled across the skin harrier by an induction effect between two sets of metal wires, one on top of the skin and the

other transplanted underneath. This avoids the need to push wire through the skin, a tech-nique which carries a high risk of infection. So far, Thermedics has con-

centrated on techniques for

implanting the air-driven pump are basically air-driven pumps in patients as a temporary mea-using some of the components sure; for instance to give a damaged heart a rest while a person is awaiting a transplant.

Last year, Thermedics started experiments with the electric pump on animals. Over the next

Inert nature of the device will reduce the need for

two years, as a prelude to the permanent implant planned for 1987, the company plans further trials in which people will receive for short periods what after receiving a new heart.

using some of the components needed for the electric version. The person who will receive the first artificial pump to be implanted on a permanent basis will probably be a patient at the Texas Heart Institute in

Thermedics has worked.

Because the heart-assist device is inert and not biological in nature, drugs such as Cyclosporin A, which is often used in natural heart trans-plants to suppress the body's

Houston, one of the medical establishments with which

required.

protectlo from corresion John S. Bass and Co. Ltd. 061-834 3071 Telex 666736

Research led to new dressing

Work in new plastics for Thermedics' beart pump has led to a novel form of skin dressing that the US Army is to try out from next year.

The Army has paid the Massachusetts company \$300,000 to receive samples of a clear, polyurethane-based material called Spandra. The material is placed over a wound, like an ordinary dress-

ing.
The difference is that, while Spandra forms a bar-rier to bacteria, it behaves in a similar way to skin in trammitting oxygen, carbon di-oxide and water vapour. This rilows the wound to healing.

A further advantage is that Spandra is made in such a way that it can contain substances such as drugs. The material can thus diffuse drugs into the wound from immediately above the damaged skin. As a result, the wound can receive the optinum amount of medication in a controlled way.

Spandra is made as a in which drugs can be mixed. The mixture is extruded through a die to produce an unbroken film. The plastic is cured (turned solid) by sure to light, rather than by heat or a chemical reaction which could decompose or otherwise affect the drug.

SIB

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with new ideas

Even in an industry brimming with ideas Sun Life's record of innovation stands out. Our new range of unit trusts, for example,

isn't <u>rust</u> new. It's uniquely different.

In a two-tier approach, we're offering the first-time investor three managed funds - each with pass book, easy withdrawal and a 'loyalty' bonus.

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our tripling of total group funds, in just six years, to over £3 billion in 1984, and our remarkable dividend growth record of over 20% p.a. compound since 1974. In fact, Sun Life was the number one performer in the City Growth League over the decade 1975-1985 (Management Today, August 1985).

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For more information about one of Britain's most successful life and pensions offices, contact:-

Amajor force in British Life for 175 years

CD read-only memory launched.

PHILIPS has launched what is claimed to be the first compact disk read-only memory (CD-ROM), although it has been making the unit, called CM-100 privately for a segment of the computer industry since June.

Now to be made generally available, the unit can store 600 megabytes (millions of charac-ters) on a single-sided disk only 120 mm (4.7 in), in diameter. The random access system is said to have high data integrity. Philips has been using a similar technique to make compact disk audio gramophone records.

The system uses laser record-

The disk is able to store 230,000 pages of A4 text, double facturer, CD-ROM offers the spaced, or more than 1,000 prospect of new and compleimages, or if desired, many mentary products for office hours of spoken text. In terms of books, this amount of stormarkets for publishing houses

produced at low cost, are lightweight (and so easily mailable) and can tolerate the kind of handling and dirt that would ruin both hard and floppy

magnetic disks. The recorded data is read optically from a relatively long distance compared with magne-tic media, a sealing layer can be applied, so that even surface scratches can be tolerated. No wear takes place and Philips is

The CM-100 is based on the ing in which digital data is standard for CD-ROMs impressed on the disk in the developed by Philips and Sony. form of tiny "on-off" impress it will soon be available for use sions made by the heat of a with the IBM PCXT and AT cannot be erased and are played Mr Rudy Falkenburg, manager back by another laser which of Philips' subsystems and periilluminates the disk and pro-duces light level variations these two factors to ensure the which are detected by a light CD-ROM a very broad accept-

claiming an almost infinite life.

For the

age is equivalent to about 50 ft of shelf space. who are beginning to appreciate the benefits of low replication and distribution costs. In addition, the cost of un-authorised duplication is very

pirating. The average time to access data on CD-ROM is one second.

The data transfer rate on and

off the disk is 1.41 megabits per

second and the claimed his error rate is between one in a 100bn and one in 1,000bn. GEOFFREY CHARLISH

A FINANCIAL TIMES SURVEY HARLOW

Monday, January 29, 10 For further information

COLIN DAVIES on 01-236 1434 FINANCIAL TIMES
Europe's Business Newspi

A FINANCIAL TIMES SURVEY ON

SCIENCE **PARKS**

will appear tomorrow

Saturday 30 November and include the following

A Summary of:

THE MAIN BRITISH PARKS THE U.S. EXPERIENCE **EUROPE** OTHER PARKS INNOVATION CENTRES

> Details of next Friday's UK Science Park Association London Conference

UK NEWS

European collaboration seen as key

Questions hovering over the helicopter sector

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

EFFORTS to find a European solu- substantially through reliance li- nies, into what is called NH-90, a French, Italian and West Germany military designs that have compethelicopter industries meet Mr ed keenly with US groups.

Michael Heseltine, UK Defence At the same time, the heavy and Secretary, in London.

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' Long Termination (190) CHREAL CHRES

The world belicopter industry has eight main manufacturers, of which four are located in Western Europe four are second as western surope - Aécospatiale of France, Agusta of Italy, Messerschmitt-Bölkow-Biolom of West Germany and Westland of

They compete across many air-craft types, from light utility to large tactical transport and antisubmarine aircraft, with four hig US companies - Bell, Boeing Vertol, Hughes now part of McDonneli Douglas group and Sikorsky - al-though there are also some smaller US helicopter companies such as

Kaman and Hiller. Whether there is room for all of the eight main groups in the future is one of the big questions hanging over the industry. Although fore-casts of the world market to the end of this decade suggest total civil and craft; worth about 571.4bn, about half of these will be military sales. US procurement will be especially dominant, particularly in the edium to large types of aircraft.

Most of the civil markets will be

deminated by smaller, lighter types of aircraft for a wide range of duties, in which the European companies particularly concentrate.

Although originally developed

tion to the problems facing the censed on production of US types of financially troubled Westland Heli-helicopter, the European companies copiers are due to be immched to have, in recent years, branched out day when senior executives of the on their own, with many civil and

> rapidly increasing development costs of helicopters have led to ef-forts to establish international collaboration on a wide range of ventures, with the development of specialist European international companies for this purpose.
>
> The international groups include

Eurocopter, jointly owned by Aéro-spatiale and Messerschmitt-Bölkow-Biohm, which is developing an anti-tank helicopter for military use by the two countries for the 1990s. The helicopter is called the HAP/PAH-2/HAC-3G according to its role - escort and protection, or anti-tank

System léadership lies with Messerschmitt and Aérospatiale is the sub-contractor, although the work is being shared on an equal basis.

Also international is the Anglo-Italian (Westland and Agusta) EH Industries, set up to develop the EH-101 helicopter to replace the Sea King anti-submarine helicopter in the Royal Navy and its Italian navy equivalent. A commercial transport version is also envisaged. Several hundred sircraft are like-

ly to be built, although the initial procurement will be for smaller way, involving all four big European national helicopter compa-

which has sold well, especially for oil industry duties. Some versions of the aircraft are also built under licence by Nurtanio in Indonesia. The Poma was developed as one of the three helicopters produced under the Angio-French helicopter package of the 1960s and

tactical transport helicopter for the

Nato European nations for the

from these studies but it is hoped that a firm four-nation programme

Among the four big European companies, Aérospatiale is the largest in terms of numbers of aircraft.

Its programmes include the AS-332

Super Puma transport and mari-time helicopter, with a civil version

Agusta has a range of helicopters, including the A-109 general purpose aircraft, of which more than 250 in civil and military versions have been delivered. A big programme now under way is the A-129 Man-gusta primarily for anti-tank and light scout duties,

Messerschmitt - Bölkow - Blohm has concentrated on smaller, light helicopters, primarily the BO-105 utility aircraft, which has been developed in a series of models for military and civil roles.

Apart from its work on the Anglo-Italian EH-101 anti-submarine helicopter. Westland is primarily involved in two large ventures, the and the W-30 transport aircraft.

SIB rejects Barclays appeal

BY BARRY RILEY, FINANCIAL EDITOR

CITY OF London securities firms will have to operate within the existing framework of agency law, Sir Kenneth Berrill, chairman of the Securities and Investments Board (SIB), told a City of London conference yesterday.

In no sense are we prepared -even if we were able - to undermine the protection that agency law gives to the client of an investment business," he said.

This means that the SIB has dismissed the claim by one of the big new securities groups, Barclays de

Speaking to a conference on "Conflicts of Interest" organised by the Society of Investment Adalysts, Sir Kenneth outlined the way in which securities firms would be ex-

The SIE's spice will draw a clear who may be assum distinction between a person who is rather less protection.

Zeete Wedd, that exemptions from owed a fiduciary duty by a broker agency law would be required if the dealer and the person who is not new integrated securities firms. The former will be defined as a were to be able to operate client who looks to the firm to provide him with a service rather than merely to deal with him as a counterparty, and the latter only as a

Furthermore the rules will attempt to make a clear definition of a "professional" investor, as a person to whom a firm may in general

Company Notices

STOCK DISTRIBUTION
The company has decided to issue new shares in the ratio of 0.03 new share for 1 o'd share held at the record date. September 30, 1985, Ag from Novamber 30, 1985, Ag from Novamber 30, 1985 until February 28, 1986 holders of European Depositary Receipts can obtain the new share in the same proportion as abovementomed by presenting coupen No 9 the same proportion as abovementomed by presenting coupen No 9 the same original manufacture of 1 000 Depositary Receipts tolders of coupons No 9 who do not have the appropriate number of shares to obtain a new certificate will receive the cash indemnity after February 28, 1986.

LEUMI INTERNATIONAL INVESTMENTS N.V.
USSEO MILLION GUARANTEED
FLOATING RATE NOTES 1989
EXTENDIBLE AT THE HOLDER'S
OPTION TO 1992 (2ND 159UE)

The interest rate applicable to the above Notes in respect of the air month period commancing friday. 29th November 1985 has been has at 81°, per annum.

The interest amounting to USS42 24 per USS1.000 principal amount of the Notes will be paid on Friday, 30th May 1986 against presentation of Coupen No. 7.

BANK LEUMI TRUST COMPANY Frincipal Paying Agent

QUEBEC CENTRAL RAILWAY EOMPARY 6% FIRST MUNICALE DESENTURE STOCK

Contracts and Tenders



ALGERIAN POPULAR DEMOCRATIC REPUBLIC

ALGERIAN POPULAR DEMOCRATIC REPUBLIC THE MINISTRY FOR WATER RESOURCES, THE ENVIRONMENT & FORESTRY NATIONAL DAM BUREAU

NOTICE OF NATIONAL AND INTERNATIONAL PRE-SELECTION OF COMPANIES

The Ministry for Water Resources, the Environment and Forestry is launching a notice on the Oued KEBIR, 70km to the north of CONSTANTINE, in the Wilaya de MILA. The structures to be constructed primarily consist of the following:

- A dam of rockfill with clay core, 120m in height, 600m along the crest, of total
- Spillway with 3 sill. 50m crest length with spillway channel 320m in length.
- Two by-pass tunnels, 8m in diameter, each 600m in length. 5. Sloping water-in-takeshaft, 40m in length, diameter 9m,

Backfill

6. Valve chamber in vertical shaft, 8m in diameter, 107m in length.

VOLUME OF WORK:

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

Underground

4,500,000m3 80.000m3 £m000.000m3

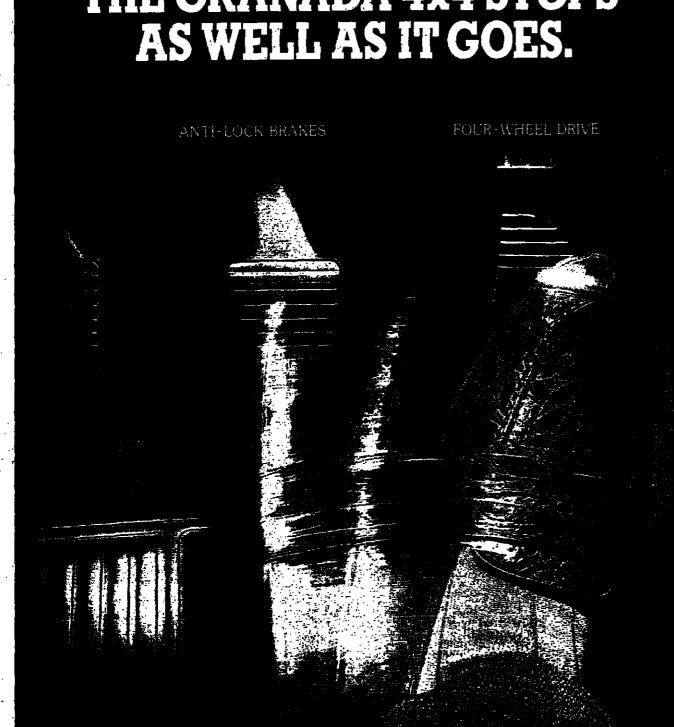
Mass 100,000m3 Reinforced

Companies interested in this notice are invited to contact the Agence Nationale des Barrages, Ministère de l'Hydraulique de l'Environnement et des Forêts (KOUBA) in order to obtain the pre-selection documentation on payment of the s-m of 500 DA.

January 1986, to the Ministère de l'Hydraulique de l'Énvironnement et des Foréts (KOUBA), Agence Nationale des Barrages.

The envelope should not bear any mark that may identify the company and must read "Barrage BENI-HAROUN préqualification."

IN SLIPPERY CONDITIONS THE GRANADA 4x4 STOPS AS WELL AS IT GOES. ANTI-LOCK BRAKES FOUR-WHEEL DRIVE

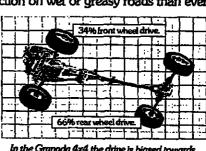


WITH FOUR WHEEL DRIVE, THE GRANADA 4x4 HAS PHENOMENAL TRACTION. BUT WITH ABS BRAKES IT'S GOT STOPPING POWER TO MATCH.

Here's something to think about before you buy a car with four wheel drive. You'll find you've got more traction on wet or greasy roads than ever before. You'll have more grip in

corners. And if it snows this winter you'll leave everyone else standing. Or struggling to fit snow chains.

But don't forget, when a car is able to go well in such treacherous conditions it's doubly important that it can stop well. Which brings us to the new two mile a minute plust fuel injected, 2.8 Granada 4x4.



Not only does it have the most advanced four wheel drive system in production. But it also has ABS brakes fitted as standard equipment.

In case you're not familiar with the ABS system this is how it works. Imagine it's raining. You'reforced to brake hard and swerve round an obstacle, a tractor for instance. With ordinary brakes it would be very easy to lock the wheels and

skid straight on ABS is designed to stop that happening. The system can sense when a wheel starts to lock and release the brake on that wheel for a fraction of a second till adhesion is regained. That way you can stop far quicker than you could

> with your wheels locked. And steer safely.

This combination of four wheel drive and ABS makes the Granada 4x4 the most sure footed luxury express you could possibly imagine.

Take a test drive soon and see why 'Motor' said



Police inquiries 'find evidence of JMB fraud'

tion Mr Stewart

EVIDENCE of fraud has been ry MPs, particularly about the role found in connection with Johnson played in rescuing JMB by the Matthey Bankers (JMB), the Bank of England. City of London Fraud Squad said Some Conservatives called for

The suspected fraud took place in 1981 and police have asked the Ding Financial Services Bill. rector of Public Prosecutions (DPP) for advice on whether criminal prodings should be started. A fraud investigation group has been set up.

JMB was rescued by the Bank of England in October 1984 after it was found that loan losses could total £250m (later reduced to £220m), which was considerably more than the bank's capital. In July a police investigation into the possibility of fraud in or on JMB was announced by Mr Nigel Lawson, Chancellor of

In the House of Commons yesterday the Government came under pressure to set up an inquiry into the JMB affair. There were repeated claims by Labour MPs that Mr Lawson had delayed sanctioning fraud inquiries, and anger that he answers in the past two weeks had chose not to answer questions on shown that the Attorney General

Exchanges in the Commons also have advised him that these staterevealed growing unease among To-ments were untrue.

Margaret Van Hattem looks at the tactics to break the recent Anglo-Irish accord

Ulster's electoral collision course

ship of Parliament.

month between Dublin and London, will face their first real test early By then it should be clear

paign of widespread civil disobedience involving non-payment of local property taxes and personal income taxes, as well as other forms of passtrong powers for fraud investigators to be included in the forthcomsive resistance to the agreeme

Right now, the community is not Mr Ian Stewart, the Economic prepared to do so. Unionist politi-Secretary to the Treasury, insisted cians are already telling each other that "this is the big one," the ulti-mate test of their community's right that there was no prima facie evidence of fraud involving JMB when the Chancellor announced that the to determine how the province police had been called in. "The apshould be run. of criminal offences in this country

But they know that the people have yet to be convinced that the is through police investigation and Anglo-Irish agreement, overwhelmnot through public inquiry," be said. ingly approved in the House of Mr Brian Sedgemore, the Labour MP who was recently barred from Commons on Wednesday, is an irre-vocable step towards their ejection the Commons for five days after from the UK and that it can and questioning the Chancellor's integmust be stopped. rity over JMB, was given roars of That is why the 15 Ulster Unionencouragement as he rose to ques-

ist MPs are resigning their seats to fight by elections early next year. They do not need to seek a fresh mandate, because few in Westmin-He said the Chancellor should explain why he had said there was no prima facie evidence of fraud ster or in the province need to be when parliamentary written convinced of their ability to win elections. Nor do they need to establish that the majority in Northern and the Bank of England could Ireland would rather not have the

province's temperature and foster a climate of revolt.

The two main Unionist parties (the Official Unionist Party and the whether the majority community is Democratic Unionist Party) agree prepared to follow them into a cam- on the tactics: the MPs will all resign from Westminster with effect from January 1, and will fight byelections, probably in February, on the issue of the Anglo-Irish

> In Westminster they will then demand that Parliament respect the will of the Ulster people and rescind, the agreement. When this is rejected, they will boycott Parlia-ment, although they will be entitled to continue drawing their parliamentary salaries.

Any members of their parties who are still participating in the local council or the Northern Ireland Assembly will then withdraw, and all party members represented on government bodies will join the

The Unionist leaders hope that by this time, the majority communi-ty will be sufficiently incensed to ministrative machinery of the prov- Party will do this on their behalf. ince to a halt. People would not be expected to

NORTHERN IRELAND's Unionist leaders, incensed by the Anglo-Irish agreement signed earlier this was announced on Wednesday does not intend to obstruct the unionists to fight when the Rev Ian Paisley, wishes of the Unionists to fight leader of the Democratic Unionist by-elections. party, and Mr Peter Robinson, his

deputy, left the debate shouting "Ulster forever" and "No surrender." They had already written to the Chancellor of the Exchequer applying for the stewardships of the get the procedure passed. Chiltern Hundreds and Northstead Crown which, by convention, dis-qualify the holder from member-

The other 13 Unionist MPs intend to do the same. Since the holders of However, they do risk losing one these two stewardships need hold or two marginal seats where the nathe office for only an hour and are tionalist, or minority, vote could automatically superseded when a unite behind a single candidate innew application is received, there is no procedural obstacle to them all resigning on the same day.

The next step will be setting in motion the legal procedures for the by-elections, which are intended to be held simultaneously as a "mini general election." Under Westmingeneral election." Under Westmingeneral election. ster convention this is usually done Thatcher insists that it will not be by an MP of the same party as the and that this time, the Government previous holder of the seat.

Since all the Unionist MPs will ty will be sufficiently incensed to have resigned, one of their sympa-many doors as it can for the Union-join the protest bringing the ad-Usually, this procedure is passed

without challenge, but the possibilied as the vote made clear that the Government carpets as well.

have also made clear that should individual members force a vote, the Unionists will be able to count on the support of the Government to

Campaigning will then move into Manor - ficticious offices under the top gear. The two main Unionist Crown which, by convention, disperties have already agreed not to compete against each other, so ensuring that most of the sitting MPs will be returned to Westminster.

stead of dividing between Sinn Fein (political wing of the Provisional IRA) and the Social Democratic and Labour Party.

will not give in to violence. The Government is opening as

participatory politics once have registered their protest. The Unionist leaders themselve

resign from public sector jobs, or to ty of a challenge cannot be ruled do not appear to know whether they stop claiming pensions and out. However, Mrs Margaret are turning their backs on those Thatcher, the Prime Minister, has doors or merely holding out for red

Scholey to step up as British Steel chief

MR ROBERT SCHOLEY, the long serving deputy chairman and chief executive of the state-owned British outside the industry rather than Steel Corporation (BSC), is to be its promote him. next chairman.

Mr Scholey, who is 64, will take over from Sir Robert Haslam in April when Sir Robert leaves to become chairman of the National Coal Board. His appointment is for three

Sir Ronald Halstead, who was sacked two weeks ago as chairman of Beecham, has been named as the next non-executive deputy chairman of BSC. He has been a non-executive director since 1979, and was approached about the deputy chairnan's post before he was dismissed from Beecham. Mr Scholey is the first career steelman to be chairman of BSC. He was appointed

As chief executive, he has won widespread admiration for the way

he carried out the huge restructuring that was needed at BSC in recent years. He has also acquired respect in the European steel industry. He was appointed president of Eurofer, the major EEC steel producers' club, last April, and has begun a series of consultations aimed at strengthening that organisation.

When it became known last month that Sir Robert would be leaving, Mr Scholey was considered the most likely successor. No other names were mentioned as potential

Men and Matters, Page 12

Verdict on Raper inquiry

acquisition of the Westminister Property Group in 1983 by Mr Jim Raper, the financier, has concluded that there is not "sufficient reason for the institution of criminal

The main thrust of the inquiry centred on whether Mr Raper's company St Piran had been acting in concert with various third parties and taking his holding to over 30 per cent without making a full bid as required by the Take-Over

The inspectors do say that Mr Stuart Withers, a private detective, was probably acting with St Piran.

The report states: "We remain of the opinion that the likeliest interpretation of such facts as we have been able to establish is that Mr

THE DEPARTMENT of Trade and been acting in concert. We bave Industry inquiry into the controver-sial circumstances surrounding the ed by the Board of Westminister at the time of our appointment, Saint Piran may have been acting in con-

cert with anyone else." Mr Withers said the inspectors were wrong in their conclusions and he had no connection with St Piran. He has recently been fined £2,500 for contempt of court for refusing to provide evidence about the origins of two payments of £200,000 from Swiss bank accounts.

ster by St Piran remain relevant because of the recent concern over City of London self-regulation and also because another company formerly owned by Mr Raper, Milbury Homes, became the subject of another DTI inquiry in August.

Lex, Page 14; Details, Page 22

BAA will switch to ICL computers

THE BRITISH Airports Authority (BAA) is to buy its large computers

with Fujitsu of Japan, last April.

The decision, which could lead to worth several million pounds, is encouraging for ICL, which has seen some of its best customers - such as British Telecom and Sainsbury's - switch to buying large computers from US companies like IBM.

The BAA strongly denied that there had been any political pressures to buy from ICL, which is part of STC, the troubled telecommunications group. ICL is understood to have orders worth about £100m for the Series 39 computers which it started developing at the time of its own financial crisis in 1981.

mporary assistance to the Cor-☐ SENIOR British officials, seeking

BR has similarly been asked to clarify what it wants from negotiations with the four promoters.

Editorial Comment, Page 12

UNIONS representing Ford's 37,500 hourly-paid workers in the UK yesterday said the company's latest pay offer, of 3 per cent across the board plus 2 per cent for 1,009 line workers, was not enough. They also want more information on changes Ford wants in working

□ SOVIET and US scientists are due to confront each other in London next week to debate technical and political aspects of the US Strategic Defence Initiative. The meeting will be held under the auspices of Pugwash, an informal international group of scientists which meets periodically to debate

STATE-OWNED British Rail has cut a pay offer to its drivers from £1.50 to £1.25 extra per shift, in line with government calls to tie earnings increases strictly to productivi-

The circumstances surrounding the build-up of a stake in Westmin-

Broackes joins **Distillers**

By Lionel Barber

City of London analysts said Sir Nigel, chairman of Trafalgar House, the shipping and construc-

tion group and a noted bid tactician would strengthen the Distillers'

team which has been criticised for a

lacklustre performance in recent years. "He could be the catalyst for

change," said one broker. Both Distillers and Sir Nigel played down any connection between the threatened takeover bid and the

appointment. But Distillers and its recently-appointed merchant bank advisers, Kleinwort Benson, are un-

derstood to have been concerned

In a separate development yes-terday, Distillers confirmed that it

was to become the chief sponsor of the athletic events at the Commonwealth Games in Edinburgh next

about the group's image.

DISTILLERS, the Scotch whisky group under threat of a hostile from ICL, the only British-owned mainframe manufacturer, in preference to its existing US suppliers, experienced British industrialist, as Honeywell and Digital Equipment, a non-executive director to its

Panel.

The BAA is the first large company to switch to ICL since it launched its range of Series 39 computers, developed in conjunction under a ruling from the Takeover

ICL was in competition with Hon-eywell, DEC and IBM for the BAA approval. The initial order is for a c300,000 mainframe for BAA's Gat-wick headquarters. ICL can expect to win orders for up to 30 computers to win orders for up to so compared over the next five years, some of which will be much larger than the making up for lost time, Page 19

☐ THE BRITISH Government may be willing to consider limited and nish tin industry, depending on the outcome of talks over the crisis at the International Tin Council (ITC).

to resolve confusion over plans to build a privately financed rail tunnel under the Channel between England and France, have given the four group's promoting schemes un-til today to clarify their position and to submit details of the terms and conditions they seek from British





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When a comparatively unknown Norwegian company first became European leader in super-mini computer systems, those in the know quite reasonably perceived an element of difference. (One that was confirmed by a

glance at the balance sheet.) And having learnt the extent to which those exceptional

profits were (and are) re-invested in R & D, no one was surprised by what is now a 15-year pattern of swift and consistent growth.

Fair enough; but for all their merits, ours aren't the only good systems available.

So what is the <u>real</u> Norsk Data Difference?

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COMMITMENT TO INVENTION Our ND-Technovision (2 uniquely sophisticated CAD/CAM system, offering 2D draughting, and 3D modelling) is a prime example. Especially since it comes with a human face ... COMMITMENT TO PEOPLE

We never forget that a

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a tailor-made system is called for. To paraphrase the familiar

customer-friendly. AND COMMITMENT TO INDIVIDUAL MARKETS

Britain is a case in point.

jargon, we are extremely

One in which you will feel truly welcome. And in which we can demonstrate every facet of the Norsk Data Difference.

Our painstaking restoration

of Benham Valence is a symbol

happens to provide a uniquely

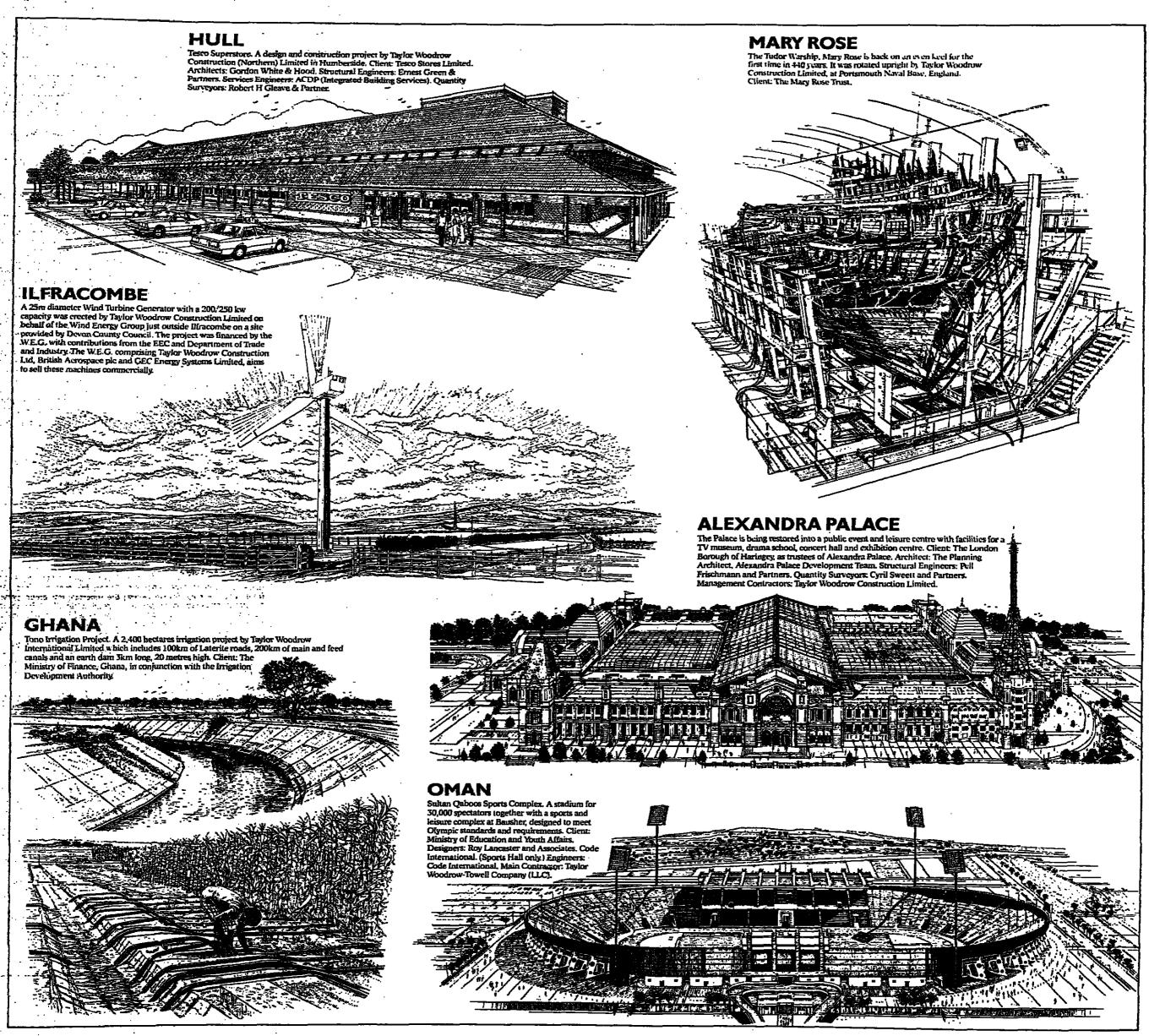
fertile working environment.

of permanence that also

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There is no easy road to success. Frank Taylor began in 1921, building his first pair of houses in Blackpool.

A modest beginning which grew into what is now regarded as one of the finest worldwide construction, engineering and development companies.

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Music

LONDON

London Centata Choir and London Bach Orchestra, directed by Peter Moorse, with Sarah Leonard, soorano, and Nigel Beavan, baritone. Finzi, Harvey and Vaughan Williams. Queen Elizabeth Hall (Mon). Queen F (9283191).

parmonia Orchestra, conducted by Giuseppe Sinopoli, with Christo-pher Warren-Green, violin. Bruch, Mahler and Brahms. Royal Festival Manier and prants. Royal results Hall (Mon). (9283191). London Symphony Orchestra, con-ducted by Lukas Foss, piano. Bain-bridge, Ives, Mozart and Tchaikovs-ky. Barbican Hall (Tue). (6388891).

PARIS

Martial Solal, piano and Les 12 Viol-ons de France: Veracini, Mendelsons de France: Veracini, Mendels-sohn, Improvisations on Duke El-lington, Gershwin (6.30pm); Raina Kabaivanska, soprano, Orchéstre de rile de France, conducted by Jacques Mercier, Gluck, Spontini, Verdi, Cilea (8.30pm). Both Concerts Mon. TMP-Châtelet (42330000). Christa Ludwig, mezzosoprano. Recital (Mon). Théâtre de l'Athenée. (47426721)

Orchéstre Colonne, conducted by Kent Nagano, with David Lively, Takem-

itsu, Beethoven, Brahms, Salle Pleyel (45 10630).

WEST GERMANY

Frankfurt, Alte Oper: Maurice André, trumpet; Hedwig Bilgram, organ, Stölzel, Bach, Veracini, Händel and Marcello (Tue); Vladimir Ashken-azy, piano. Beethoven and Schubert (Wed).

ITALY

Milan: Teatro alla Scala: violinist Salvatore Accardo. Bach. (Mon). (809126). tome: Teatro Olimpico: (Piazza Gen-tile da Fabriano): The ensemble Junger Blaser Europas conducted by Frank Cramer, with Thomas Brandis, violin, David Levine, Berg, Schubert and Mozart. (Wed). (393304).

Madrid, Midday concerts in Funda-cion March Baroque Chorus accompanied by Gaudeamus Chamber Or-chestra. Albinoni and Händel (Mon); French piano music (Wed). Castello

VIENNA

Jean-Pierre Rampal, flute; John Steel Ritter, harpsichord and piano. Lec-lair, Telemann, Bach, Czerny, Bar-tók. Brahms Saal, Musikwerein

(Mon). Chamber Orchestra of Europe, conducted by Murray Perahia, piano. J. C. Bach, Mozzrt, Besthoven, Kon-zertheus. (Tue).

BAUSSELS

Palais des Beanx Arts: RTB Symphony Orchestra, conducted by Alfred Walter, with Bogdan Czapiewski, piano; and Patricia Atkins-Chiti, soprano. Dvořák, Shostakovitch, Bartok. (Thur). (5125045).

NETHERLANDS

derdam Concertzebouw Ken-Ichiro Kohbayashi conducting the Netherlands Philharmonic in Verdi's Requiem, with Nelly Miriciolu, soprano; Rachel Gettler, mezzosop rano; Dino di Domenico, tenor, Nikita Storoyev, bass; and the Toon-lounst Choir under Jan Eelkema (Tue, Wed). Recital Hall: Hakan Hagegard, baritone; accor Geoffrey Parsons (Tue).

by Geoffrey Parsons (102). (718345). Rotterdam, De Doelen, Lunchtime organ recital by Arie Keijzer (Thur), Recital Hall: Monica Huggett, ba-roque violin, Bach (Mon). (142911).

New York Philharmonic (Avery Fisher Hall): Leonard Bernstein conduct-ing: All-Mahler programme (Tue); Leonard Bernstein conducting; Har-ris, Schuman, Copland (Thur). Lin-coln Center (574 2424).

WASHINGTON

ational Symphony (Concert Hall):
Mistislav Rostropovich conducting,
with Choral Arts Society of Washington, directed by Norman Scribner: All-Penderecki programme
(Mon, Thur). Kennedy Center
(725.8110)

CHICAGO

Chicago Symphony (Orchestra Hall): Erich Leinsdorf conducting: Shos-takovich, Ravel, Stravinsky (Thur). TOKYO

Fiedel String Quartet: Bartok, Beet-boven Tokyo Bunka Kalkan Recital Hall (Mon). (236 1661).

Hall (Mon). (236 1861).
bommorcher and Gewandhaus Orchester of Leipzig, conducted by
Hans-Joachim Rotzsch; with Peter
Schreier, tenor. Bach's St Matthew
Passion. Showa Women's College,
Hitomi Memorial Hall, near Sang-

Opera and Ballet

Opera: The Siege of Corinth alternates with Gounod's Romeo and Juliette conducted by Maximiano Valdes with Juliette sung by Ana-Maria Gonzales, Stefano by Marie Chris-tine Porta and Romeo by Alfredo

WEST GERMANY

Berlin, Deutsche Oper: Tannhäuser has Spas Wenkoff in the title role and the highly acclaimed Bayreuth Elisabeth, Cheryl Studer. Handel's Messiah, in a staged version, fea-tures Cheryl Studer and Harald Stamm. Also Die Lustigen Weiber von Windsor. (34381). Hamburg, Staatsoper: the new Peter Ustinov production of Katja Kaba-

nova has Anny Schlemm, Daphen Evangelatos and Franz Ferdinand

NETHERLANDS

msterdam, Bellevue Theatre. The English Speaking Theatre of Am-sterdam presents William Gibson's bittersweet comedy. Two For The Seesaw. Maxine Resnick and Grant

Coburn directed by Svarupa, All week except Thur, (247248).

Eindhoven, Schouwburg Lands Theatre of London with Thornton Wilder's Skin of Our Teeth, directed

by Roger Croucher (Tue). (111122)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-

more's brilliant direction of back-stage shenanigans on tour with a

third-rate farce is a key factor.

Theatre

Nentwig. Arabella has Olive Fredericks, Gundula Janowitz and Dieter Weller. The rare-played Intolleranza by Luigi Nono, has fine interpreta-tions by Gabriele Schaout and Willi-am Cochran. Handel's Belsazar is conducted by Gerd Albrecht. In the main parts are Helen Donath and Walter Raffeiner, (351 151).

Dance Theater Workshop: The invita-tional Border Crossings celebrating the venue's 20th anniversary contin-ues with Fresh Tracks, a choreogra-

phers' showcase (Tue). (219 W. 19th CHICAGO

Lyric Opera (Civic Opera House): The 31st season includes Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Eruno Bartoletti and staged by Antonello Madan Diaz, along with Madame

2nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Mer-rick's tap-dancing extravaganza has been rapturously received Ameri-can Clare Leach is a real find as

Lane role emerging as the best new musical star since Michael Craw-

ford. (8367611).

Starlight Express (Apollo Victoria): Barnum (Victoria Palace): Michael Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg Crawford returns to London with his breathtaking performance as ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back (834 6184). the circus impresario, adding one or two new tricks in a likeable me-

sen (Mon). (242311).

Butterfly with Anna Tomowa-Sin-tow in the title role conducted by Miguel Gomez-Martinez. Also Sam-son, Anna Bolena, La Traviata, I Ca-

puleti e I Montecchi, Die Meister

singer and La Rondine. (3322244).

METHERIANDS

The Nederlands Dans Theater on tour

with Uccelli and Converge by Nacho Duato, and Kylian's Wiegelied. Mon in Roermond, Oranjerie (35061). Tue, Wed in Amsterdam, Stadss-

chouwhurg (242311).

Amsterdam, Stadsschouwhurg. The
Netherlands Opera with a double

bill of Cavallerie Rusticane and Pag-liacci directed by Nicolas Joel, with

sets and costumes by Pet Halmen. The Netherlands Philharmonic and

the Opera Choir conducted by Bohu-mil Gregor. Casts headed by Galina Savova and Adriaan van Limpt, and

Thea van der Putten and Jan Derk-

ringue of a musical. (834 1317, credit cards 828 4735). Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Peggy Sawyer, and Margaret Courtenay has a field day (838 8108). Me and My Girl (Adelphi): Sleek, effi-cient and enjoyable revival of Brit-tain's biggest war-time musical hit with Robert Lindsay in the Lupino Noh: There are performances at most of Tokyo's Noh theatres at week-ends. Details in Tokyo English dailies and Tour Companion available at major hotels. Two handy little books A Guide to Noh and Guide to Kyogen in most hotel bookstores give summaries of plots.

SPAIN

Valencia, Bulgarian Opera Chamber Orchestra with Donizetti's Il Cam-panello and Mozart's The Impresar-io, Teatro Principal, Barcas 15.

(351 00 51).

Madrid, Spanish Radio and Television
Symphony Orchestra conducted by
Miguel a Gomez Molina Chef 1 version of Tristan and Isolde, Act 1. (Acts 2 and 3 will follow in successive weeks). Teatro Real, Plaza de Oriente 4. (2419739).

Trieste: Tentro Comunale Giuseppe Verdi: Simon Boccanegra conducted by Tamas Pal and directed by Carlo Maestrini. In the cast Stelka Evstatieva, Renato Bruson and Carlo Cossutta (613 1948).

Florence: Teatro Comunale: Manon Lescaut conducted by Maurizio Arena. Mirella Freni sings the title role.

Production, scenery and costumes by Pier Luigi Somaritani (277 9236)

LONDON

Royal Opera, Covent Garden: La fanciulla del west, one of the Royal Opera's most successful lavish pro-Opera's most successing lavisa productions of recent years, comes back with new principals (Mara Zampieri, Nicola Martinucci, Alain Fondary) and a new conductor, the excellent John Mauceri. (240 1086).

VIENNA

Staatsoper: Bartok's Herzog Blaubarts Burg (Duke Bluebeard's Casile) conducted by Kout with Takacs, Nimsgern and Schönberg's Erwartung conducted by Schirmer with Arm-strong. Die Walküre. Daphnis and Chioe by Ravel and Neumorier and The Fire Bird by Stravinski and Neumeier conducted by Schirmer; La Bohème (5324/2655).

WASHINGTON

Night Mother (Arena): Marsha Norman's staring view of a mother and daughter on the night the daughter announces her intention to commit suicide requires a strong stomach for hard-bitten realism. This production by James C. Nicola has Halo Wines as daughter Jessie and Arm Guilbert as mother Thelma. Ends Dec 8. (4883300).

CHICAGO

King Lear (Goodman): The Stratford Festival of Ontario production puts Lear in a rustic setting that looks much like the North American fron-tier. Ends Dec 22 (4433810).

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease af-

victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

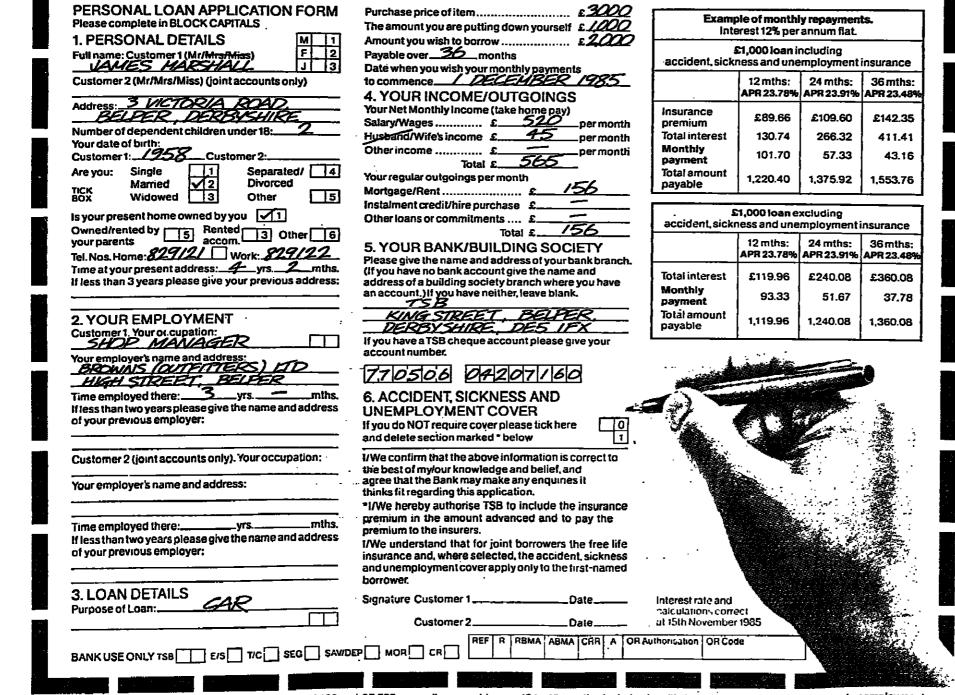
(239 6200).

Brighton Beach Memoirs (46th St):
The first instalment of Neal Simon'smix of memories and jokes focuses
on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin.

42nd Street (Majostic): An immodest celebration of the heyday of Broadway in the 70s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Rig River (O'Neill): Roger Miller's mu sic rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

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Exhibitions TOKYO

appressionist Masterpieces: From the Art Institute of Chicago, 65 items from one of the world's largest collections trace the development of impressionism from Millet and Courbet forward. Included are Renoir's On the Terrace, and Cézeme's The Bathers, Seibu Museum of Art, Seibu department store, Rebatkuro Branch, Closed Thur. Ends Dec 17.

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends

ropolitan show, Akbar's India con-centrates on the 49-year reign of the sixteenth-century Mughal emperor who built Fatehpur Sikri and inspired the works represented here by 80 paintings as well as metal work, carpets, and textiles. Ends

WASHINGTON

Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbeir Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sevres porcelain and tapestry, jewellery and armour. Ends Mar 9. Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, primarily paintings, from 13 artists, including lesser known artists such as Carlo Bertocci and Patrizia Can-

tahipo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

Art Institute: Chalk & Chisel combines 11 sculptures with more than 80

sculptors' drawings to show the interplay between preparation and ex-ecution in the work among others of Rodin, Carpeaux and Rysbrack.

PARIS Picasso Museaut: The 17th century Hôte! Sale, sumpthously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cézanne, Douanier and Rousseau. Musée Picasso. Hôte! Sale, 5 rue Thorigny, Paris 3e (2712421). Closed Tue.

with the London Royal Academy and British Council's aid. It follows the Gainsborough and Turner exhibitions and acquaints the surprised French public with the history of English painting and with the remarkable and inventive portraitist that was Reynolds. Grand Palais, closed Tue, Wed late opening (2815410).

SPAIN

Madrid, a retrospective of 200 paint-ings, waxes and drawings by master of Cubism Juan Gris (1887-1927) on loan by private collections and mu-seums of Europe and the U.S. The exhibition offers for the first time in Spain and Europe a good assembly of Gris's best works. Biblioteca Nacional, Sala Picasso, Pasco Recoletos 22, Until end of Dec.

Madrid, a selection of 182 XVIIth cenladrid, a selection of 182 XVIIth cen-hury paintings including Ribera, Caravaggio, Luca Giordano, Vacca-ro, Cavallino, Pretti, Caracciolo, Sal-vatore Rosa, Micco Spadero, Fal-cone, etc. Palacio de Villahermosa, Prado Muscum. Until end of Dec.

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a bundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese by Durer, Remoranot and Japanese artists. Ends Jan 11. Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Retween the Mediterranean and the Far East

in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibition explores the movement of goods (in-cense, myrrh, silk and spices) to Ita-ly from the east from the 8th centu-ry BC to the Middle Ages. Clear and informative and illustrated mainly informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more at school outings than tourists and that a lot of the information could have been got just as well from a good book. Ends Jan 5.

Rome, Galleria Giulia, Via Giulia 148.

Pierre Klossowski – recent works:
Twenty enigmatic and erotic drawings by a well-known figure of Paris literary life in the Thirties. Brother of the relater Parkshape Facilities. of the painter Balthus. Ends Dec 11.

WEST GERMANY

Reclin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition

of post war art. Ends Jan 12.

Stritigart, Neue Staatsgalerie: A retrospective of 81 works of the British
artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5. emen, Kunsthalle am Wall 207: Klee

drawings and paperworks from 1921 to 1933. Ends Jan 5. Hanover, Kestner-Gesellschaft, Warmbüchenstr 16: pictures and

drawings by the Austrian painter 1975, Ends Dec 8. Joel Shapiro: First stop for an exhibition covering 80 abstract sculptures and paintings by the American artist in the last nine years.

Ends Jan 19. ssen, Museum Folkwang Goethe-strasse 41: To honour the German painter Lovis Corinth on the 50th anniversary of his death, the exhibi-tion contains 90 paintings and 40 graphic illustrations. Ends Jan 12.

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panish Netherlands 1500-1700: Ren-aissance and Baroque, Flemish and Spanish painters - Velazquez, Rubens, Murillo, Van Dyck, El Greco. Palais des Beaux Arts. Ends Dec 22.
Goya: paintings, drawings, etchings
from Spanish public and private collections. Musee Royale des Beaux
Arts. Ends Dec 22.

Picasso, Mirú. Dali: Palais des Beaux Arts. Ends Dec 22. Taples, Chillida, López Garcia: three contemporary artists. Musée d'Art Moderne. Ends Dec 22.

Los Iberus: Iberian Art from the pre-Roman period. Musée Royale d'Art et Histoire. Ends Dec 22. Darlo de Regoyos (1857-1913): A Spani-ard in Belgium. Banque Bruxelles Lambert, Place Royale ends Dec 21.

NETHERLANDS

Eindhoven, Van Abbe Museum. The ethereal worlds of Nicola de Maria in a colouristic display of paintings, drawings and watercolours. Ends

unsterdam, Maison Descartes (Vijzel-gracht 2a). Season of French experi-mental films, including Coctess, Varda and Bidault (Tue and Thur). (224936).

VIENNA

Art From The Stone: Art lithography from its origins to the present. This exhibition shows the versatility of nearly 200 years of European lithography. Most artists seem to have had a try at drawing or painting on had a try at drawing or painting on the stone" - from Goya to Preasso, Delacroix to Chagall, Toulouse-Lau-tree to Miro, Munch and Beckmann. The exhibition explains how lithog-ranhy hand have and raphy began, how it is done, and goes a long way to explain its continued fascunation for artists. At the Albertina until Dec 8.

Treasures From The Forbidden City.

Peking: A selection of 120 objects covering 3,500 years of Chinese history from Peking's Forbidden City, the former Impacial Palaca north. tory from Peking's Forbidden City. the former Imperial Palace, now a museum. It includes gold and Jade pieces, calligraphy of all kinds, nursical instruments, costumes, paintings, procelain vases, dishes and cups from the Ming and Qing dynasties, and paintings on silk rolls showing the elaborate ritual of the court, or members of the royal femily at leisure or on one of their epic journeys. This is the last opportunity to see the collection in Europe before it returns to the Forbidden City Museum of Ethnology, Heldenplatz, Vienna, until Dec 8.

Cinema/Paul Taylor

Flex-appeal feminism

Pumping Iron 2: The Women directed by George Butler Lost in the Dust directed by Paul

Santa Claus - The Movie directed by Jeannot Szwarc The Goonies directed by Richard

Agony directed by Elim Klimov Turtle Diary directed by John Irvin Classic Japanese Films 1935-84

It is the day before the 1983 women's World Cup Championship. Oscar State, the elderly autocrat of the International Federation of Body Builders jury, holds the floor of a Caesar's Palace ante-room, and tatchilly harmouse him follows. tetchily harangues his fellow judges on the controversy split-ting the sport. The ascendancy of "fiex appeal" aesthetics is

Transfer of the Property of the Parkets

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musculature into the competitive arena.

The central drama of the lively documentary Pumping Iron 2: The Women is both absurd and absorbing. George Butler (co-director of the 1977 film Pumping Iron, which made stars of Arnold Schwarzennegger and Lou Ferrigno) has his mainly female camera crew focus on four contestants in the lead-up to their \$50,000 confrontation in Vegas, drawing engage. tation in Vegas, drawing engag-ingly diverse portraits of women who have clearly deve-loped their sexual politics along with their muscles.

In training and in repose the quartet defy objectification or stereotyping with their easual assertiveness and wit, while the film makers mudge what might have been a mere soft-core spectacle towards both comedy-of-manners and a meditation on voyeurism and a meditation on voyeurism and feminism. Director Butler has clearly taken dramatic inspiration from the "competition" films of



Rachel McLish in a scene from "Pumping Iron 2:

being challenged by the first Michael Ritchie woman to bring "masculine" Racer, The Candid woman to bring "masculine" Racer, The Candidate, Smile), musculature into the competibut the rich supporting cast of characters here could hardly have been invented.

> On this perky evidence—and that of a London Film Festival treat like Shirley Clarke's new film on jazz iconoclast Ornette Coleman (showing at the Everyman tomorrow afternoon)-the American non-fiction film would seem to be in good health. Certainly better off than its yarnspinning counterpart, going by this week's trio of exercises in cynical cinema.

Paul Bartel's Lust in the Dust finds him flailing around in a B-Western parody attempting to regain the endearingly tame tastelessness that buoyed up the equally cheap Eating Raoul, (and Death Race 2000 before that). Camp cultists may warm to the regular Divine drag-act being detoured down Durango way—or to the self- and genre-mocking support of such iconic veterans as Tab Hunter, Henry Silva, Geoffrey Lewis and Cesar Romero—but there's so little sharpness to the sex'n'shootouts cliche-comedy around the Chili Verde saloon that Lust soon begins to look like a one-joke movie about a one-horse town.

Both Santa Claus—The Morie and The Goonies are intended as Christmas stocking fillers.
As such they'd be most usefully employed to cosh a particularly naughty child with during the holiday. Both are slapdash affairs, from the Salkind and Spielberg empires respectively: In Sonta elf-age Burgess Meredith welcomes David Huddleston's jovial Claus to the North Pole with the news that his coming fulfils the ancient prophecy (some confusion here; surely?), and then sets him to delivering wooden toys to Manhattan moppets for eternity. The disruptive antics of embarrassed "elf-improver" Dudley Moore and the evil designs of earthly cheanters to the state of earthly cheanters to signs of earthly cheapskate toy-maker John Lithgow (watch-ably OTT) provide plot tension, but the infant identification figures are colourless, and a twee tackiness engulfs all.

The Goonies sets a septet of all-American kids a subterranean treasure hunt to have adult faces. Some murky sentimentality and a muddy soundtrack interrupt the functionally hys-terical pacing; the film has the over-in-a-flash impact of a theme-park ride.

The week's art-house offerings are of diminished stature, Keisuke Kinoshita's melodrama too. Agony, Elim Klimov's is a wholly restorative tour-dedrama of Rasputin and the force of startlingly strange Romanovs, has been long imagery and violently expres-shelved by the Soviets, but now cionist lighting schemes. Its sherved by the Soviets, but now sionist lighting schemes. Its chaotic, overkill chronicle of motion and its emotions are in-



Glenda Jackson

textual newsreel and a plethora of identificatory captions do little to pinpoint perspectives on the dances of death within on the dances of death within the Tsarist court, and Klimov's Revolution.

The intimism of Turtle Diary might have offered a refreshing contrast were it not so obsti-nately cast within that most dispiriting of British forms: the radio-play-with-pictures. The Pinter - scripted gutting of Russell Hoban's complex novel is acted with inscrutable intenis acted with inscritable intensity by Glenda Jackson, Ben Kingsley, Michael Gambon, Eleanor Bron and Harriet Walter. The film never quite decides just how reticent to be about peddling the central metaphor of liberation in its slim story about a pair of zoo-haunting loners who plan to return three captive turiles to the sea. Its damp sensitivity and soft satire on a certain London tribe should ensure, though, that it runs and runs.

For cinematic interest there is not much to touch the Barbican's season of Japanese classics (1935-1984, weekend-only screenings for the next three months). Many of the prints have been specially im-ported; from the lesser-known or long-unavailable material on show, I recommend the original 1958 version of The Ballad of Navayama (showing December 7). A boldly stylised studio rendering of the folk tale about a community that abandons its

Maryland Handel Festival/Washington

Andrew Porter

val - originally three, now four, days of concerts and conference — began in 1981, and it flourishes. It is held annually on the College Park campus of acres of handsome, vaguely Wrennish redbrick buildings on rolling lawns — on the out-skirts of Washington. (There's a nice story of Solti, coming to conduct a concert here, asking the taxi driver to take him to the building with white pillers outside"; and arriving to find that all the buildings have pillared porticos.) Most concerts are given in the College Chapel, shaped like a City church, a galleried temple withn, but one austerely free of all cult images: nothing to show whether Christ or Krishna, Mithras or Mammon is honoured here. Some concerts are given in the Library of Congress. Washington was looking its autumn best, and this year's festival coincided happily with the start of the splendid country-house treasures exhibition in the National Gallery.

The festival's foundation is the famous and excellent University of Maryland Chorus tendency to treat thematic versity of Maryland Chorus—
excess with its splashy stylistic equivalent lost me early in its
148-minute lurch towards the its conductor Paul Traver (artistic director of the festival); and its climax is an oratorio. In chronological sequence, Esther, Deborah, and this year Athalia have been done; next year Saul. For the first time a dramatic director was engaged: Nicholas Deutsch. whose presentation of Bel-shozzar in New York earlier

The Maryland Handel Festithis year was so impressive, and hub of Athalia," as Winton of the Handel edition trickling at — originally three, now With simple moves—care—Dean puts it — was splended, from Halle, With Prince Charles our, days of concerts and coniully timed entrances and exits, whether as blooming virgins, as patron, the link between carefully planned platform sensuous Baziltes, or fervent stationing—the patterns of the people of Judah, Mr Traver comdrama were revealed. Handel's mands light-stepping Baroque of a public action. Expectation, mustered at strength for the

of a public action. Expectation, emotion, and keen agitation succeed each other, and constinually rise... There is a display of the richest variety, sometimes of sweetness, but more often of majesty and grandeur... Its import is exactly what that of a religious drama ought to be: on earth, the struggle between good and evil; and in heaven the wakeful eye of providence beaming, lage of proficient performers, rays of constancy and resolution."

mustered at strength for the emotion of the colourful score, played well. At another concert, Traver continually rise... The sorted his chorus in radiant is an ebullient Water Music.

Acis and Galatea opened the festival, done conductoriess, with just five singers and seven players. It sounded underthe rehearsed, lacking in character—an able account by an assemble of providence beaming, lage of proficient performers. The individual contributions of rays of constancy and resolution." Ann Monoyios, as Galatea, and Patrick Romano, in the small Linda Mabbs did not quite role of Damon, gave much have the temperament for the pleasure.

Clytemnestra-like title role (which Joan Sutherland has Clytemnestra-like title role (which Joan Sutherland has nown recorded), but she got a good part of the way. Judith Nelson was well suited by the music of the anxious, gentle, hoving Josabeth, quietly steadfast in opposition to her formidable mother. Joad was sung by Derek Le Ragin, an American countertenor who has made his name in Europe. His line is flexible and well-defined, but there was just a touch of preciousness in the manner; he seemed a shade too smilingly anxious to please. The treble boy-king Joas was touchly sung by Christopher Pittenger. Eminent Handelians from by Christopher Pittenger. to what Grove gently calls the "varying standard of reliability" The chorus—"the real hero

Handel-still provider of music for coronations and royal wed-Athalia is what Schlegel de gaits and achieves grandeur Hanover might have been clared Racine's Athalia (its without heaviness, Washington's renewed. Instead, co-operation source) to be: a noble tragedy. Smithsonian Chamber Players, "The scene has all the matesty their Baroque instruments organised its editorial policy of a public action." and promised to pull up its socks.

WEEKEND FI ALA

Good reports have been coming from Milwaukee about the work there of the Skylight Comic Opera. A visit to its Serse, which had a run of 12 firmed them. Produced by Stephen Wadsworth (the libre-tist and Scala producer of Bernstein's A Quiet Place), it was at once serious, stylish, and entertaining, conceived with high invaligance and accounted high intelligence and executed with enthusiasm. A tiny enthusiasm. theatre, a 250-scater, was in geniously and intimately used. It was a bit like the famous Abingdon productions, but it carried a higher theatrical charge.

Lynnen Yakes, the Xerxes and Wendy Hill, the Romilda, are two names to note. Miss Yakes has a wonderful stage face, speaking eyes, eloquent frowns and smiles, and a voice that created a characterisation gleaming, various, and disci-plined. Miss Hill sparkled, charmed, and was affecting. Everyone was good. Michael Pisani, at the harpsichord, directed a small, alert band. worth had made a crisp, sensitive new English translation.

Fascinating Aida/Lyric Hammersmith

Antony Thorncroft

long for this world if the plays the piano and looks like reports of a forthcoming split Margaret Rutherford's grandin the female threesome are daughter, but Marilyn Cutts ex-well grounded, so catching pands to above normal stature them over the next few weeks at Hammersmith becomes one more necessary pre-Christmas up-date "The Merry ex-Common chore. Not that the trio is at Law Wife," and Adèle Anderits best on the vast stage of the son comes into her own with Lyric before tiers of sober her solution to every problem spectators — the back room of —"sew on another sequin." a bar is their natural habitat— but there is still much to amuse ceeded by good natured self in their songs of single ladies

Fascinating Aida may not be catcher. Well, she is blond. with her dirty "Viennese Love Song," taken from that modern

out there is still much to amuse ceeded by good natured self singers from Texas, get a little n their songs of single ladies deprecation; they must be the wearing, but some of the songs over 30.

Dillie Keane is the eye- play to the heart strings. Of liest penned here in recent

their two "Songs of Frustrated years. For fun there is Dillie Ambition," one is the very funny complaint of Peterkin. the Swiss goatherd, who has got the "Swiss Navy Blues," while the other is the wail of defiant optimism of an unsuccessful actress, an "Ealing Broadway out of Chorus Line.

The cabaret routines, like the visit to the good old UK by the Bronte Sisters, three country

Keane's love song to the Pope, "My Dream Man"; for satire there is the devastating "England O England"; and somewhere in between comes The Herpes Tango."

Baby," who could have stepped lost some of their salacious edge England but watching them fool around with small triumphs and big disasters in outlandishly glamorous dresses is a profound young, intelligent, witty female in contemporary society.

Moscow Radio SO/Festival Hall

Max Loppert

The Moscow Radio Symphony, under its chief conductor, Vladimir Fedoseyev, came to the Festival Hall near the close of a 12-concert British tour. It is a truism that visiting orchestras tend to work their hardest to achieve an impressive London showing; but seldom does success crown their efforts as conspicuously, and as enjoyably. as did on Wednesday night.

If was a demonstration of brilliant Russian orchestral writing that had been put together for the occasion, and the Moscow players rose to it with the breadth, energy, and er boldness of style that one always expects from Russian opening Musorgsky/Rimsky-orchestras (and of which one Korsakov Night on the Bare

is quite often disappointed). Popular programmes of this kind are far from regrettable when given in this way. Bright mixtures of distinct

orchestral colour - neither suavely blended nor coarsely slapped on, but assorted with exactly the right balance of freedom and control — are what characterise the Moscow orchestra's various departments. The brass instruments, in particular, have a special way of insisting on their independence of timbre: the bands pendence of timbre: the horns and trombones use a degree of vibrato that our own more decorous assemblies would automatically shum on grounds of taste. Yet the effect, in the opening Musorgsky/Rimsky-

Mountain, was to confer authentic character and vitality on each section; and in the selection (not exactly the one listed in the programme) from Prokofiev's Romeo and Juliet that closed the concert, it was one of fervently impassioned

one of fervently impassioned inspiration.

Fedoseyev is a master of his forces. None of the performances was specially original (except, perhaps, insofar as the tempo chosen for the opening of the Knights' Dance seemed faster and less ceremonially faster and less ceremonially solemn than ballet conductors normally go for); but all were informed by the same justness of accent, the same vividness of colour, weight and sound.
When Prokofiev is played without machine-tooled big-orchestra

slickness, his supreme qualities as a composer for the dance become wonderfully obvious. Between the two purely orchestral scores came the orchestral scores came the Chaikovsky B flat minor Concerto and, as its soloist, the young Chaikovsky Competition laureate Nikolay Demidenko (in place of the originally announced Andrey Cavrilov). I had not heard Demidenko before and found him extremely impressive: equipped to dominate the bravura passages with clean, bright-hued sonorities that never became hard or hammery, and ready (and able) to float luminous poetic reveries at all those points where the at all those points where the imaginiative Chaikovsky pianists will be distinguished from the merely expert.

Down an Alley Filled with Cats Martin Hoyle

occupies the top floor of an give a rare bad performance.

surfaced yet again about the be offered, since I cannot imagine the new incumbents staying longer than it takes for word of this sub-sub-Sleuth of the Antipodes to get around.

an untidy antiquarian bookshop we find David de Keyser with a mitteleuropäische accent. The young man who hurtles in demanding a certain book on Napoleon is furious to find that he has just been preempted by another customer whom he is able to describe down to the red carnation, which is later retrieved, ominously crumpled, from the waste-paper basket. For the purposes of Warwick Moss's play, Adam Faith is Simon Matthews, a small-time crook on the verge of something big.

The two men are accidentally ocked in. The bookshop

This Australian play with otherwise derelict block. The American success allegedly drills of the demolition men The Camden Choir is one of ance and ensemble, but not the behind it opened at the Mer can be heard above the Bach the more adventurous of the wholehearted schoolboy enjoymaid on the day that rumours cassettes played by Mr de In their enforced isolation the sale of the theatre. Chances pair play a game of bluff, are that vacant possession will double and triple bluff. How be offered, since I cannot much does harmless old Mr Topolski know? What grim secret does the stockroom hold? What prize can turn men's minds and morals? Why does Mr Faith spend most of the evening in his underpants? If

> When both men are crooks, the audience is uncertain as to what value to place on the The bookcharacterisation. seller's excited pleas to be legs. Not to mention the curiosity of seeing Mr de Keyser

this took first place in the 1983 Canberra Festival what was the competition like?

allowed to join Mr Faith's life of crime may be true or yet another bluff. We never know, and therefore cease to care despite John Wood's direction, the original American set of David Jenkins and Mr Faith's always Britten's best. always Britten's best.

Camden Choir/Elizabeth Hall

Richard Fairman

amateur London choirs with ment that might get the piece future plans including works by Maxwell Davies, Harper, Reger three "Pickled Boys" did make Hamilton. For their Elizabeth dressed in angelic white. The Hall concert on Wednesday London Bach Orchestra gave Hall concert on Wednesday night they kept true to form by picking an unusual English programme—Finzi, Tippett and Britten—but never succeeded translating respect into positive enthusiasm.

St Nicolas. This is a piece that good intentions and obvious rewarders was written for non-professional hearsal, "Nobody knows" wanforces (the première was at ted bite and "Go down, Moses" Lancing College) and holds few some real anger. This is music technical difficulties, but it has of many colours, but it sounded the danger papetheless with

Ambition commands respect. son gave it accuracy, good baland a commission from Iain an effective spotlit entrance, well-appointed rhythmic support and the tenor was Ian Partridge, strained at the top and not at

all clear with the text.

Tippett's Negro spirituals from A Child of our Time needed more panache. Despite all too much on the grey side. Finzi's Lo, the Full, Final Sacrifice is, sadly, grey music anyway. After the strong ideas of Tippett and Britten, this style seems spineless in the extreme, an example of writing that is always searching for The Camden Choir under something memorable and their conductor Julian William- never finding it.



Aztec West is designed to accommodate a dynamic business community in an environment specifically planned to allow expansion. Over 2m square feet of offices, warehouses and manufacturing units are planned, with options on neighbouring plots for future growth, Buildings can be custom designed, and existing plans are adaptable to varying requirements. Sites may be leased or purchased. Each unit offers extensive car

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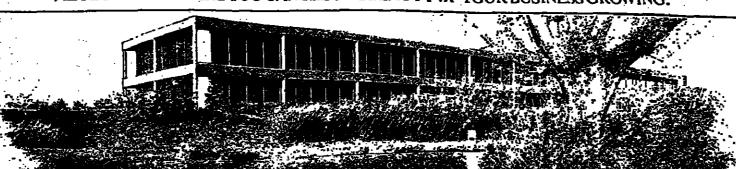
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Richard Ellis

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Friday November 29 1985

A new start for Gatt

yesterday between the members ments. of the General Agreement on Developing countries have Tariffs and Tradee, opening the called for a standstill in this

bedevilled the Gatt for months has been solved. But the contracting parties have signalled sider a timetable to phase out their willingness to seek com-promises. It will be a hard slog, it comes up for renewal in 1986. but at least it will be under-

Accidents can always happen. But it would be the height of folly to let the momentum acquired at Geneva fade away in the preparatory committee set up to produce an agenda and national safeguards against destabilising surges of imports. Hints that India may drop its resistance to discussing the liberalisation of services and the control of the co liberalisation of services are, thus, most welcome. But the onus of ensuring that momen-tum is maintained does not lie on India and her friends in the developing world alone: the industrial powers bear at least as much responsibility.

Self-restraint

attempt of the Western world's tertiary sector if one thereby leading economic powers to puts at risk what has been, and bring it down will succeed. If it does not, President Reagan's in manufactures. resistance to protectionism may be seriously weakened.

The agenda that is to emerge from the preparatory committee for submission to a Gatt mini-sterial meeting next September will largely decide what can and what cannot result from the trade round to follow. Previous Gatt rounds focused largely tariffs on manufactured goods and took place at times in danger of collapsing of relative economic optimism. These issues all need addres-The next round will be more The next round will be more sing if the Gatt and the spirit difficult. A host of extremely behind it are to be relaunched. difficult questions need to be The Geneva compromise, despite tackled, such as agriculture, many diplomatic ambiguities, services, and a range of non-provides a feasible point of

The eventual outcome should and its future is hard to come by at a time of rising protectionism, increasing export subsidies and declining growth rates in export markets. The compromise reached in Geneva or orderly marketing agree-

way towards a new round of grey area and for the existing talks for liberalising trade, is paraphernalia of neo-proone such item of good news.

The achievement of the Gatt

The industrialised countries annual meeting must not be ought to concur with this in the overstated. It is an agreement interests of fairness, and in on procedure, not a substance, order to put their own indus-None of the subjects that have tries under pressure to become more efficient. For a start, the industrialised world could con-

Liberalisation

Achieving these objectives will call for consideration of ability to pillory offenders who break the spirit if not the letter of the Gatt in these areas. Member states, too, should be readier to accept international discipline.

A resolute effort is required to grapiple with the intellectu-ally difficult concept of free trade in services. In an ideal world services would be free; Living up to that aim will be complicated by the changed circumstances of the US, usually a leader of the drive for trade liberalisation. American competitiveness has been reduced by the high exchange rate of the dollar, and nobody can be sure that the attempt of the Western world's trade in services. In an ideal world services would be free; in the real world they impinge upon so many matters, such as cross-border investment and national sovereignty itself, for great caution to be required. There is no point in chasing what may prove to be the ollmera of free trade in the attempt of the Western world's

Liberalisation in farm products is another priority. Progress here will help to keep EEC and US protectionism under control; it will also help many poorer countries to balance their books. The time may conceivably be propitious since a realisation is spreading in the European Community that the common farm policy is

Consultation and the Channel link

planned fix of Channel link next month, much of the discussion will naturally focus on the eco-nomic and political arguments nomic and political arguments for and against the project and the merits of the schemes put forward by different consortia. A subsidiary question of some importance, however, is whether the degree of public consultation undertaken and proposed by the Government is adequate for an infrastructure project of the government's majority, the Prime Minister's decision will in effect be final. this magnitude.

Essex residents, it will be recalled, enjoyed the luxury of three lengthy public inquiries spread over several decades before they were finally obliged to accept that an expansion of Stansted airport would take place. A fixed Channel link is a project on a quite different scale with a host of environ-mental and social implications, few of which have been pro-perly aired. Yet all the people of Kent are being offered are a few glossy brochures from the few glossy brochures from the promoters themselves, a series of short meetings with Mr David Mitchell, a junior Transport Minister, and an as yet unspecified right to petition a Parliamentary select committee next year once the "hybrid" fixed-link bill is launched.

Public inquiry

The issue of consultation has nothing to do with arguments about the desirability of a fixed Channel link. It would be quite consistent to believe fervently that a fixed link was in the national interest but simultaneously to hold that in a mature democracy a public inquiry was an essential precursor to any form of legisla-tion, hybrid or otherwise. Where expensive, long-term projects are concerned, it is im-portant to strike a balance between local and national in- return. terests. It is no mere formality to allow those whose lives will and not just political ones, in the idea of a fixed Channel

The right of affected parties benefits outweight the environto petition a select committee mental and other social costs, next year is no substitute for a This requires, not a Sizewell-public inquiry. It is far from type public inquiry, but a clear who will be allowed to degree of consultation and public inquiry. petition against a fixed link- lic debate which at present will, for example, the workers appears not to be envisaged.

prospect of redundancy get a hearing? In any case, the hearings will be academic: the Prime Minister plans to sign an agreement with France by the

Commitments

Several arguments against any form of inquiry are put forward by officials. The first is that the project is bi-national: the French need a definite timetable and could not accept the uncertainty inherent in an independent assessment. The obvious answer to this is that once the UK is ready to sign an agree-ment it must be able to stick to a timetable but that it should not sign before it is absolutely certain the project is socially desirable. The fact that bankers think they can make a return on it is no gua-rantee that the social benefits outweigh the social costs.

The other main argument

against fuller consultation is that the commercial promoters. lacking any support from pub-lic funds. are relying on binding commitments from private investors and lenders—commitments that will expire shortly. The delay involved even in a short three or six month public assessment of economic and environmental factors by an in-dependent inspector would kill the project. Can this be right? It would be odd indeed if those backing this very long-term project today would in a matter of a few months suddenly lose confidence in its commercial

There are genuine attractions, project to air their grievances link. But the British Govern-and debate the issues in public ment has to satisfy itself both before the final decision is made.

But the British Govern-ment has to satisfy itself both that the financial projections are sound and that the social

F privatising gas and electricity means you are going to copy our system

here in the US, don't do it."
That advice, from Mr Alvin Kaufman, energy adviser to the US Congress, might surprise Mrs Thatcher. For one of the inspirations behind her programme to sell off Britain's big utilities was the spirit of free enterprise which keeps America's gas and electric fires burning.

But in the rush to raise

money for tax cuts before the next election, some complex and far-reaching questions of how a huge integrated monopoly like British Gas should be regulated seem to have been badly neglected.

attitude was summed up a few

privatisation Bill seemed to confirm that the powers of the regulator will be minimal al-though full details will not be available for a week or two, when the licence conditions for the new company are published.

The point of Mr Kaufman's warning is that it may prove much more difficult than expected for the regulators to get a firm grip on the industry, without at least some of the tangle of detail which enmeshes the 4,500 gas and electric utili-

ties in the US.

For, although the US system has become bureaucratic and overgrown, it is deeply rooted in a belief that any private monopoly controlling a vital service must be rigorously and service must be rigorously and ties in the US.

tions between states, has in recent years been trying to loosen the grip of regulation, by encouraging more competition and trying to bring prices

Every detail of the accounts of US utilities is open to public scrutiny

a free market, This process had its roots in the political desire to raise oil and gas prices in order to encourage conserva-

to marginal costs-as would theoretically happen in But the paradox now con-fronting US regulators is that at the borders of a monopoly's territory may require tougher and even more complex regu-

tion to the commission's unsuccessful efforts this summer to fits force gas pipeline companies to open their network to competitors. Though the parallels are loose, this is similar to the efforts which the Government is now promising to open up British Gas's pipeline network for use by other buyers and sellers of gas.

supply gas to a large number of companies and small utilities and they buy their supplies from the oil and gas producers. The idea was to create The idea was to create a genuine market in which thousands of companies and utilities could buy gas direct from pro-ducers if they wished and then

BRITISH GAS PRIVATISATION

Regulation: vital but difficult to get right

By Max Wilkinson, Resources Editor

The Government's general panies for its transmission. months ago by one Minister who said: "Regulation? we competing pipelines, and a dewant as little of it as possible." regulated market for new gas supplies (at the well-head), the scheme has run into major difficuities, partly because of the complication of regulating the price for carriage. This requires the most detailed analysis of cost structures and even then there is much dispute as to how a fair price should be struck. Even with these enhanced competitive pressures, however,

Competitive pressures, nowever, US private gas and electricity utilities are controlled with a rigour which would make British nationalised industry chairmen splutter with rage. Every detail of their accounts

monopoly controlling a vital service must be rigorously and openly controlled, not only on price-setting but on other aspects of its performance.

As it happens, the Federal Energy Regulatory Commission, (FERC) which overseas transactions between states has in US. In some cases, like that now being waged against the Long Island Lighting Company in New York, the decision could mean bankruptcy or, at the least, severe financial penalties.

> vice Commission's 500 staff are in almost daily contact with the utilities, monitoring every aspect of their business from fuel contracts to customer com-plaints and even tapping directly into their computers. At Consolidated Edison, the local electric company, a dozen lawyers are kept busy by the regulators. "If the commission wants to check all the paper clips in my department it can do so. A rate case is really a plenary inquiry into every aspect of the company's business," says Ms Joy Tannian, the companys lawyer vice presi-

In New York, the Public Ser-

More generally, there is con-cern th ughout the US that the bias of regulation is forcing utilities to sacrifice the wider interests of the consumer, by choosing investments This is most obvious in rela-ion to the commission's unsue-local rather than regional bene-

> Although there are obvious ways in which US procedure could be improved, there seems to be a strong consensus that monopolies providing essential services, need to be matched by vigorous, detailed and open regulation. It may be that a baroque edifice of litigation is the price for this. In Britain the tortuous two-year inquiry into the proposed Sizewell nuclear power station posed a similar question: It was far too long, but could that be a valid reason for not holding it? As Mr Wesley Long, the Washington DC State Commissioner says: "There will always

tion it has got to be aggressive. strong doubts.

otherwise the utilities will aways stall..."
The British Government. focusing mainly on the legal "The interesting thing to me prizefighting, seems to have about the British approach to drawn a very different lesson, privatisation is that no one preferring a "light hand on the thought through the regulatory tiller," with regulators operat-He belives that the British

ing at arms length, using a simple inflation minus X price formula and meeting, in typically British fashion, behind much more fundamental econotween the legal label and the much more fundamental econoclosed doors. mic : But can such an approach them. mic and social issues behind

prevent a company as big as
British Gas from veering towards monopoly profits at the
expense of its customers?

So what are the lessons which
Mr Peter Walker, the Energy
Secretary, and his colleagues
might yet learn from the US? Dr Irwin M. Stelzer, probably the US's foremost expert on utility regulation, managing are given a wide enough brief:



A long read: the evidence for a single electricity rate increase between Consolidated Edison and New York's Public Service Commission.

contract with pipeline companies for its transmission.

But even in the US, with large numbers of sometimes you are going to have regulation pipelines and a description of the New York arm to protect the consumer from arrogant service or monopoly to the British Government on pricing; to stop it unfairly pricing numbers of sometimes you are going to have regulation. to prevent it from becoming fat In his suite looking down over and laxy; and to ensure that its the tiny skaters in Manhat- pricing and investments make the best use of national re-

If this is accepted regulators will need more information about British Gas's books than would be given to the Treasury

The political storm centre is inevitably the fixing of prices. nevitably the first overriding need to make the British Gas flotation a success the indications are that the complex practical and economic issues involved will be fudged.

The method of setting overall tariff increases throughout the US is fundamentally different from that which is being proposed in Britain. For British Gas the formula for annual price increases will be inflation minus X plus Y, where X is an arbitrary number intended to squeeze more efficiency from the corporation and Y is an allowance for increasing costs as North Sea gas supplies become tighter. come tighter.

The basic idea behind the British formula is to set an overall price regime, then to leave the corporation to try to make profits by operating efficiently within this framework.

In the US, by contrast, regulators set overall tariffs at a level which is designed to give the utility a market-related return as a percentage of its

asset base (currently around 12

per cent).

The regulated price is supposed to force the utility to be efficient to earn its allowed re-turn, but in most cases rises in fuel and labour costs can be passed on to the consumer. Most of the argument, therefore, is about what should be allowed as capital assets into the new

This is the point at which regulators — and lobbyists — can catch an inefficient or unfortunate company by the jugular, by interrogation under an arc light of publicity as to whether its investments and perating expenses were prudently incurred.

Dr Stelzer believes the fundamental flaw in this British formula is that the rise in consumer prices has little relation to a utility's costs and the X factor is a number picked out of the air. "If it doesn't allow adequate profits to be made, then you will know because the company will be unable to raise capital, but if profits are good fair tariff after a few years, how will you know whether they are monopoly profits or the result of the conference of the c

To answer that question, he believes British regulators will need to make the same detailed kind of appraisal as is done in

shorter deadlines and less con voluted procedures. But can this be done adequately in private? Mr Steiger believes there are dangers. He says: "The British fear of an excessively protracted, detailed regulatory process is leading them to a system in which the customer is essentially without recourse.

The ability of US customer's to appeal directly to their state commission may sound cumbersome, but it is widely accepted as just. Ms Anne Mead, com-missioner for New York, says: "Yes we do have to listen to a lot of pressure groups. Some of them are highly sophisticated with computer studies to back their case; but the more views you listen to, the better judgment you make."

The other major issue in relation to pricing policy is whether the traditional return on capital formula should be replaced by more sophisticated economic concepts based on long run marginal costs.

This would lead to the most efficient allocation of national and company resources, but is difficult. The Washington DC commission which pioneered this approach uses a computer model of the utility's opera-tions; consumer groups have established competing models.

Moreover, economic pricing tends to favour the large industrial consumer, because it re-flects economics of scale. This all tariff increases throughout runs directly against the political instinct to give cheap gas

that privatisation led to huge price increases for the benefit of capitalists, so it is likely to sweep the whole issue under the carpet if it can.

If pricing is not to simulate the effects of a competitive

British fears are leading to a system where customers have no recourse

market, the case for encouraging genuine competition is all the stronger.

In Britain, however, market influences are likely to be minimal. All options for splitting British Gas up were abandoned in the face of opposition from its chairman, Sir Denis Rooke and it is still doubtful whether free exports and imports will be allowed in the North Sea.

The Government is intending to strengthen the 1983 Gas Act which obliges British Gas to act as a carrier between a North Sea producer and a mainland custon

But this will remain mere window dressing so long as British Gas holds its prices well below its marginal costs. While it does so competition will be frozen out, even if the new licence provides for rigorously fair tariffs for the use of the

Now in the run up to its sale of the century, the British Government is inevitably calculating the benefits to potential shareholders. But after it has need to make the same detailed counted in the moncy, there kind of appraisal as is done in the us, though perhaps with the consumer as judge.

12E);--

Distillers goes for Broackes

Sir Nigel Broackes once said that boredom was the great bogey of his life—but he should find little excitement as a nonfind little excitement as a non-executive director on the traditionally clannish board of Distillers, the giant whisky group, which faces the threat of a £1.5bn hostile takeover bid from the foods group, Argyll, Broackes, chairman of Trafalgar House, chooses his outside business interests with care. Though he is chairman of Euroroute, one of the prinicapl contenders to build a cross-channel link, he has held only one previous non-executive one previous non-executive directorship in more than 30 years of business life—at Trust-

years of business life—at Trusthouse Forte in the late 1960s,
John Connel, DCL's chairman, first approached Broackes
a fortnight ago He accepted
immediately. "My management
experience has been limited to
Trafalgar. I though it would be
interesting to see what it would
be like inside another big
company," he says.
Twenty years ago, DCL and
Trafalgar were peighbours in

Trafalgar were neighbours in London St James's Square. Broackes remembers one of Trafalgar's subsidiaries, Trol-



'I coudn't get any Laura Ashley shares—but I did find some dresses, new wallpaper for the bedrooms. . . "

Men and Matters

lope & Colls, restoring the two lare a strong feature of graffit

lope & Colls, restoring the two buildings.

Today, DCL needs Broackes again. A master tactician in bid battles—notably in the fights for Cunard Cementation and less successfully, for P & O — Broackes could serve both as a back-room thinker and a pos-sible front man dealing with the media, never DCL's greatest

Broackes, 51, becomes DCL's third non-executive director, joining former Chief Scout, Lord Maclean, 69, 27th Chief of Clau Maclean; and Sir William Pile, 65, former chairman of the

The vacancy on the DCL board was created when William Spengler, 57, a former vice-chairman of Owens-Illinois, the charman of Owens-Inhois, the US packaging and glassware group, moved up to become deputy chairman and deputy chief executive following the Argyll bid rumours.

Spray jobs

That weapon of graffiti the spray can has been legitimised by a West German firm. Helmut Steigerwald, an executive with the Munich computer consultancy, Bit, was thoroughly fed-up with conventional office

fellow managers that £540 is known as the Sheffield mafia would be a small price to pay in BSC, he rose quickly, becomfor a visit from a local spray-can ing managing director of the team of four graffiti artists—all strip mills division in 1972 and team of four graffiti artists—all in the tender age range, 14 to

Nemo, Toy, Skip and Rap went to work with great enthu-slasm and £270-worth of spray-Steigerwald is said to be very happy with his new office decor-although some of the com-pany's customers have reacted

against the experiment.

Now the Munich movement is seeking new outlets, pointing decessors and become chairman out that names and addresses of the National Coal Board

-something to please corporate image makers.

Bob's last laugh

So, "Black" Bob Scholey has the last laugh on the bureaucrats. Appointed chief executive of British Steel as long ago as 1973, he then had to stand awkwardly by as, one after the other, Sir Charles Villiers, Ian MacGregor and Sir Robert Haslam came in over him to fill the

The word was that certain senior Whitehall officials did not senior Whitehall officials did not approve of his rough, Yorkshire style. But he has finally won through, and without sacrificing any of his saltiness. Reminded yesterday about previous humiliations, he roared: "My hide is so bloody thick you have not got anything that will touch it."

Scholey acquired his thick hide early in life, having decided to leave King Edward VII School in Sheffield prematurely to go to work. He later returned via night schools to Sheffield University to pick up an enginering degree. He joined Steel, Peech and Tozer in Rotherham in 1974: it later be-Rotherham in 1974; it later be-came part of United Steel Comecor.

He managed to convince his alised in 1967. As part of what then chief executive the follow-

ing year. His relations with successive governments have never been strong, but they seem to have improved recently. "During the last few years, we have enjoyed the best period of government relations in my experience and it is very important that that be maintained," he said yesterday. Would he follow his pre-

am a slave to duty." But then he added, "The cobbler should stick to his last."

He also acknowledged that one of his weaknesses was for throwaway lines.

Scholey's early experience with one of the leading steel companies before nationalisation, and his recent track record in arranging the two Phoenix joint schemes with the private sector of steel making, will not have gone unnoticed by Mrs

when his BSC term ended? "I

Thatcher.

One of his briefs will be to ready the industry for privatisa-

After-thought

Sir Terence Conran was amused—the day after he pulled off his agreed £1.5hn merger with British Home Stores, a letter dropped on his desk inviting him to subscribe to a special report on mergers and acquisitions in the retail field.

"As a major UK retailer, you will be well aware of the dramatic changes in ownership which have taken place," it

"Perhaps you have been closely involved in mergers and acquisitions activity yourself. On the other hand, you may have preferred to watch the others battle it out. "Either way it is important that you keep abreast of events."

Conran, I have to admit, was this time one step ahead of the FT's own marketing department, extolling the virtues of the monthly FT Mergers and Acquisitions.

Caring line

A new fringe benefit on the London underground service. As a train left Temple station vesterday the driver courteously introduced himself on the loudspeaker system and said: "If you are getting off at any of the next few stations do have your umbrellas ready . . . it's starting to snow."

Observer

66 To compete worldwide we need not only the latest technology but people who will adápt to it 🤧 DAVID ALLIANCE, GROUP CHIEF EXECUTIVE VANTONA VIYELLA PLC

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The protagonists (from left): Garret FitzGerald, Ian Palsley, Enoch Powell, John Hume, Gerry Adams and Margaret Thatcher

"To hell with the future And long live the past May God in his mercy Look down on Beljast."

SO Mr John Hume, the Social and Democratic Labour Party MP for Foric, quoting an ananymous versifier, in the spell-binding two-day debate on Northern Ireland in the House of Commons this week.

of Commons this week.

It is too early to draw conclusions. Here, however, are some thoughts on where we are now and on what might happen

next.

There are really five parties involved in the future of the province; the British Covernment, the various unionist parties in the north — coming came down with Mr Roy Mason, the former Labour Defence and Northern Ireland Secretary, in

to confirm it as a policy apart from Mr Mason, other true, the majority was "only" 426 out of a House of Commons of 650 Members. There were 47 MPs who voted against. It was less than the 500 or so that some of the Unionists had expected. Yet it is still an enormously high figure by any standards: Mrs Thatcher was accepted across the House, perhaps for the only time apart from the Falklands war, as a national figure trying to do the right thing for the country.

The majority was "only" Apart from Mr Mason, other previous Northern Ireland Secretaries backed Mrs Thatcher to the hilt, including Mr James Prior, never one of having put the Anglo-Irish agreement in train. So did Mr Edward Heath, the former Tory Prime Minister who was responsible for the Sunningdale agreement in 1973.

Mr Heath had only one hint of a criticism in observing that

national figure trying to do the right thing for the country.

The agreement was backed by Labour, Liberals and Social had include Democrats. For Labour, Mr. Neil Kinnock made an excellent speech spoiled only by going on too long and dwelling too is a point on the deprivations of the province. Northern Ireland as a whole is not nearly as was better agreement should go there more often. should go there more often, as should a great many more British MPs.

Still, it will be difficult for

the Labour front-bench, now having sided with the agreement to back off from the basic principle of seeking reconcilia-tion in the north before there can be any chance of Irish unifi-

The SDP-Liberal Alliance gave its expected support. Dr

POLITICS TODAY

Mr Paisley withdraws the troops to fight again

By Malcolm Rutherford

parties in the north — coming together in what Mr Ian Paisley called "the unionist family, the constitutional nationalists led by Mr Hume and the SDLP, and the Provisional IRA.

Mrs Margaret Thatcher's administration won more than sufficient cross-party support not only to make the Anglo-Irish agreement worth pursuing, but to confirm it as a policy imperative.

David Owen, the SDP leader, came down with Mr Roy Mason, the former Labour Defence and Northern Ireland Secretary, in saying that the real test of the agreement would be how far it led to enhanced security Both of them did so in strikingly vigorous terms, calling for hot pursuit of terrorists across the border with full Irish co-operation.

Apart from Mr Mason, other provious Northern Ireland

Mr Heath had only one nint of a criticism in observing that the Sunningdale negotiations had included the parties in Northern Ireland, though he admitted that there had been no change of that this time. It

play no part in the debate, although the Republic's Ambas-sador sat in the gallery almost throughout the proceedings. He should take the proceedings.

of Unionist MPs in this week's or Unionist mrs in his week a debate was quite different from their reactions to Mrs Thatcher's statement on Monday

tate confidence in the agreein the parties in the parties in the morth. The sooner the ment, perhaps ultimately even in the admitted that there had been no chance of that this time. It is a point worth noting because some of the Unionists are saying that Sunningdale was better than the present agreement.

The unionist parties have the British Parliamentary system by the determination of their resistance, and seem also to have learned a thing or two the Mr Hume's speech to say: "The hon. Gentleman is complaining because his party cannot win elections," as if he had never heard of discrimination against Catholics. By and large, however, the Tory right is a fairly small rump.

The confidence in the agree astute to renounce UDI.

The sooner the ament, perhaps ultimately even in the north. The sooner the ast test case for the bythe morth. The sooner the better, should be the Ambassathat included the parties in the north. The sooner the ast test case for the bythe morth, perhaps ultimately even in the office was astute to renounce UDI.

The unionist parties have the minimist position, as speaker of their resistance, and seem also to have learned at thing or two themselves in the past week or so. The huge rally which I winessed outside Belfast City is the past week in the debate, is that they will give people time to think. For the weakness of the unionist position, as speaker of their resistance, and seem also to have learned at thing or two themselves in the past week ment. If they can come up with something before they return to Westminster, presumably in February, it might be possible to start talking. Indeed they have only to revert to some of their unionists seem to have only to revert to some of their unionists seem to be a partie of the ment, remained as thing agreement.

The mood of the crowd of the crowd appeared thoughtful rather than immediately rebellious.

Again, the unionist parties have unionist position, as speaker of their verial properties of the debate, is that they will just position, as t

Mr Enoch Powell, the Official Unionist MP for Down South whose life-time ambition was to throughout the proceedings. He should fake two messages back of last week. Mr Paisley's speech was a masterpiece: full of light and shade, humour, occasional self-deprecation as well as boasting. In a word, he acted with dignity.

The first is that the Irish of light and shade, humour, occasional self-deprecation as well as boasting. In a word, he acted with dignity.

Their general tactics appear to have been refined, too. It was not industrial action that mr Paisley was threatening, as after Sunningdale, but passaive after Sunningdale, but passaive can be regarded as political and therefore exempt from a plea for extradition.

The second is that it would help greatly if the Parliament were to repeal Article 2 of the Mrs Their general tactics appear to have been refined, too. It was not industrial action that Mr Paisley was threatening, as after Sunningdale, but passaive resistance. There will be no unlisteral declaration of independence, he said.

To be sure, he sounds a bit like Mr Ian Smith in the days where the rest of the Unionists say that they was for the whole island of freland.

To be sure, he sounds a bit like Mr Ian Smith in the days where the rest of the Unionists say that they will sive people time to think, For the weakness of the britten of the morth. The sooner the better, should be the Ambassa-dor's advice.

The unionist parties have

Wanderer."

Yet it was sad to see him go down that way. His speech could have been—many people expected it to be—the climax of the debate. Instead he asserted categorically that the agreement had only come about because of direct American pressure on the British Government and ended with some fourth-form debating society rhetoric about "for whom the bell tolls." Apparently, it will toll for Mrs Thatcher. There should be at least one toll for Mr Powell. Mr Powell

a kind which should exist towards the end of the 20th century. All parties, including his
own, should look back on their
past attitudes which had
brought them where they are
today. The trouble with the
Unionists, as quoted in the
opening verse, was that they
tended to live in the past, susplcious of the minority community, London, Dublin and the
rest of the world.

Mr Hume's problem is what
to do, if the majority community fails to respond.

There remains the Provisional

munity fails to respond.

There remains the Provisional IRA on whose next moves it is possible only to speculate. Certainly there is no obvious logic in Mr Paisley's assertion that there will be an early upsurge of violence, including perhaps an attack on his own life. The more likely tactics of the Provisionals would be to lie relatively low and see what happens, apart from giving an occasional vicious reminder of their existence.

sional vicious reminder of their existence,

The main purpose of the agreement is to reduce terrorism. Mr Paisley and his colleagues seem not to believe that. It is therefore all the more important for it to be demonstrated quickly that the campaign against violence is succeeding.

A few final points. Mrs

ceeding.

A few final points. Mrs
Thatcher may need a rather
stronger team at the Northern
Ireland Office in the trying
months ahead. Neither Mr Tom
King, the Secretary of State,
nor Dr Rhodes Boyson, his
minister of state, excelled
themselves at the despatch box.
Dr Boyson looked as if he had
just stepped out of Toy Town.
Mr Nicholas Scott, who has now
been at the NIO for four years,
did much better.

Mr Powell.

Mr Hume and the SDLP could be also in a pretty lonely position. One telling charge can be made against them. If they had agreed to take up their places in the Northern Ireland Assembly, the Anglo-Irish agreement might never have come about in its present form.

Nothing should detract how. come about in its present form.

Nothing should detract, however, from the seriousness of Mr Hume's speech. There was a problem, he said, in Northern Ireland of a deeply divided society where people killed for sectarian reasons. It was not of twe is continued direct rule.

As a postscript, it is ironic that such a compelling debate should have taken place only one week after the House of Commons voted against the televising of its proceedings. Anyone who watched it would have learned something.

Lombard

MEENENE PI ALA

Fund managers: not so myopic

By Clive Wolman

IT SOUNDED like a Labour has nothing to do with the disparty attack on the City. But tortion of share prices.

It was made by Mr David The more one looks in detail Speaking to a seminar in Glasgow last month, he claimed that institutional investors market looks into the longer suffer from "unduly myopic views" and force company managers to concentrate on Shares in growth companies of developing long-term as stores and food retailing are strategies. He proposed that priced at 20 or 30 times their

investors restructure their port-folios—and binted at govern-ment intervention.

ment intervention.

If Mr Walker is correct, the stock market investors had better sit up. For they are being accused of failure in their raison d'etre of allocating capital to British industry. And if his argument was accepted by company managers, it could become self-fulfilling.

But is Mr Walker correct? Several times in his speech, he referred to the increasingly rapid buying and selling of UK equities by investors without making clear whether this trend was supposed to be evidence of investor myopia, the cause of it, or the effect.

The rapid turnover of shares

The rapid turnover of shares shows merely that investors are reacting more swiftly to shortterm price anomalies and to the publication of new information about a company, for example its results, the effect of currency movements or the changing de-

movements or the changing de-mand for its products. Suppose a fast-moving fund manager buys Beecham shares on November 7 considering

turnover does not benefit the fund manager's clients because of the high dealing costs. A survey currently being undertaken by WM Computer Services suggests only that excessively high — and excessively high — and excessively how — turnover is correlated with below-average investment performance. In a broad middle range, it makes no difference. In any case, this clients has to look beyond a single year.

Long-term performance surveys of fund managers (including both high and low turnover excludes of the sort Mr walker clients has to look beyond a single year.

Walker, an executive director of the Bank of England responsible for the securities market.

The more one looks in detail at the rating of individual sectors and companies, the more untenable Mr Walker's argu-The more one looks in detail ment becomes. Take just two current examples of how the

> priced at 20 or 30 times their t priced at 20 or 30 times their current year's earnings after tax. Property companies with growth potential such as London and Edinburgh, and Speyhawk, are rated at premiums of over 200 per cent to their net asset value.

Since the last quarter of 1982, composite insurance company shares have risen steadily and with relatively few shocks by nearly 200 per cent (and by over 25 per cent relative to the FT-A All Share Index). Yet the insurance underwriting cycle bottomed out only in late 1984 and the sector has returned to profitability only in recent months.

Two decades of statistical Since the last quarter of 1982

Two decades of statistical analyses of UK and US stock market ratings and results demonstrate that investors price companies at fairly close to the text-book ideal, namely the discounted present value of their projected earnings over the long term,

If shares were valued in the way Mr Walker suggests, fund managers could achieve abnormally high returns by buying a on November 7 considering them cheap at 325p, sells them on November 11 as soon as the company announces the dismissal of its chairman and, when they fall to 283p on November 18, buys them back again believing they are now under-valued. His dealing is helping to relate Beecham's share price more, and not less, closely to its long-term profits potential.

It is possible that such high turnover does not benefit the fund manager's clients because of the high dealing costs. A survey currently being under-

no difference. In any case, this claims exist.

Flexi-quotas for **EEC** grain

From the Deputy President, National Farmers Union

Sir,-We have read with interest your leading article of November 21 and the correspondence which it has prompted. We accept that the European Community is faced with too large an acreage of cereal production, increasing stocks and a potentially heavy budgetary cost. To achieve a better allround balance will require some very far-reaching political decisions. The EEC remains the world's largest food importer, and while we would like to see a better balance in the cereals market, we would also like to see increased self-

sufficiency in deficit crops. The short-term situation should not be managed by massive price reductions which will cut cereal output by putting land out of production. If that happens it will have very severe effects upon the farming industry — not only on cereal growers. It would also transfer a larger part of the make fer a larger part of the prob-lem from one commodity to another with widespread social

Equally, we cannot afford to freeze production and to intro-duce all the flexibilities which types of quota linked to the land. The problems of this approach have been well high-lighted in your columns.

We need a policy to encourage alternative crops and alternative outlets for grain, coupled with a system which would prevent unwanted grain.

would prevent unwanted grain being planted. This we have called "flexi-quota."

The essential features of the flexi-quots system are that wheat (which is at the core of the problem) should only be grown under licence. Each year the system operated, a farmer would determine the area he would like to devote to wheat and apply to bring this acreage within the flexi-quota scheme. His application would-be a commitment to the scheme. The European Community would then decide what proportion of the submitted area it wished to see planted and all applicants would be required to plant that proportion of their submitted acreage and to keep the remainder fallow.

Certainly the scheme would have to be adequately policed, but any system of control is bound to be complicated. The Commission's idea for a co-responsibility levy itself poses immense administrative problems and will give very little

"Flexi-quotas" would also require establishing a differen-tial between wheat and feed grain prices that would at least reflect wheat's higher nutritive ment

Letters to the Editor

value. But we are not proposing a direct payment for set-aside.

Given that there is substantial surplus in some sectors of tial surplus in some sectors of agriculture, we are proposing a flexible policy of containment so that we can develop alternative policies, with a sound financial, environmental and social base. That requires evolution at a pace which agriculture and the countryside can adopt to prefittingly. adapt to positively; not that will wreck them.

The NFU's policy is designed to manage change, not to prevent it. Simon Gourlay. Agriculture House,

Knightsbridge, SW1. High costs of justice

From Mr W. Cattermole Sir,-It was a great delight to read your leading article (November 21) on the subject of the high costs of civil justice.

There is no earthly reason why one should have to instruct one's solicitor to brief a QC in a very knotty case, particularly when that QC has to be assisted by junior counsel who quite often brings a more junior counsel along with him/her. The alternative is as per other legal systems to have a realize legal systems to have a really efficient attorney who conducts his own investigations and who really knows the case inside

This does, of course, reflect upon solicitors in the very first place because they are so prone to engaging the services of a private detective who possibly is, and indeed usually is, a retired policeman. This might sound a good idea except that they are very prejudiced against anybody in the alleged criminal classes or one who is being possibly falsely accused of being in the criminal classes.

This is not said with fanatical prejudice against the legal pro-fession or the police. Solicitors-are naturally intent upon pushing papers to counsel as soon as possible and the police want a conviction; this means that even when a policeman has retired, he will have this thought in mind.

What is so frustrating is that one hears a lot of cant in ?arliament about modifying the concern over US threat legal system, that it is scarcely impose ceilings on EEC ex likely to happen in this Parlia- of semi-finished products. when we have a barrister

as Prime Minister and hundreds, it would seem, of lawyers one way or another, as Mem-bers of Parliament. Walter D. Cattermole. 54 High Street, Shoreham-by-Sea,

> Pension fund surplus

Sir,—I refer to the two articles on November 25 con-cerning the analysis undertaken by the London Business School which indicates that there is a substantial surplus of assets over liabilities under pension schemes in operation in the UK The article suggests that the surplus could be used to boost tax revenue to the Government over the next decade, but this to me would be a negative (and wasteful?) way of using it.

Surely it is better that the Surely it is better that the surplus be used in a more positive way, and if pensions are regarded as truly deferred pay, then it is scheme members, past and present, who should benefit from any surplus rather than the employers or Government.

Any surplus should be used: to improve benefits for existing members up to the current Revenue maxima; to regularly increase the benefits navable to

Revenue maxima; to regularly increase the benefits payable to existing pensioners; for full transferability of benefit for early leavers; and as a contribution holiday for employees and then employers.

Taking up the point made in Lex, then not only should there be no more arguments that schemes are unable to afford full transferability of pension, but also there should be no more argument about employers being able to afford the very real benefits of a final salary scheme as against the lesser benefits of a money purchase arrangement.

Gordon Morrison. Gordon Morrison.

Hollybush Hill, Stoke Poges, Bucks. US quota on EEC

2 Cherry Orchard.

steelwork From the Directors, British Constructional Steelwork Association and

Major Structural Exporters
Sir,—We note from the report (November 27) entitled "Britain holds up endorsement of trade pact" that this was due to concern over US threats to impose ceilings on EEC exports of sami finished modules The British structural steel

fabrication industry is also extremely concerned over the proposal to impose a quota of 18,000 tonnes on the export of fabricated structural steelwork from the EEC to the USA. This compares with a group of compares with a quota of 100,000 tonnes agreed by the tomes with Korea. Until now there has been no quota, and the figure suggested when shared between EEC members would effectively prohibit all exports of fabricated steelwork to the USA, as any worthwhile project would exceed the national tonnage allocation. It is considered that fully fabricated steel structures should be outside the scope of the arrangement, or if included should have a realistic quota of at least 100,000 tonnes.

of at least 100,000 tonnes.

The industry has been pressing the Government to take an equally firm stand on this issue involving the private sector represented by the structural steel fabricators as it is doing on behalf of the nationalised British Steel Corporation which is the principal supplier of semi-finished products.

Dr D. Tordoff, M. H. Briggs. c/o 35 Old Queen Street, SW1.

Proponents of staghunting

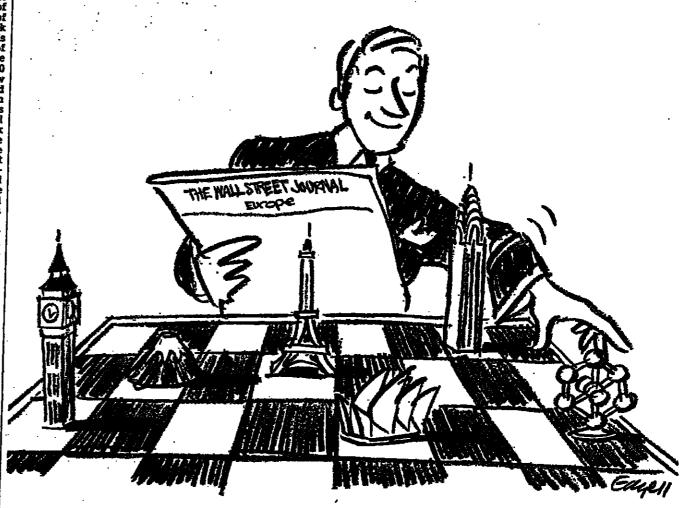
From the Information Officer, British Field Sports Society Sir.—Your article on stag-hunting (November 16) may not have covered the cruelty aspect to Mr Rowley's satisfac-tion (November 28) but surely this was not your purpose. Everyone assumes that opponents of staghanting base their case on their view that

their case on their view that it involves unnecessary suffering. Your article likewise began with this assumption but gave an unusually frank investigation of the less obvious aspects of the sport: the alternative forms of deer control, the employment and turnover which staghunting brings to the West Country, its role in the society of rural Exmoor and so on.

The arguments in favour of hunting are many and complex. Their complexity is one of the drawbacks faced by those who strive to make the pro-hunting case. Opposence or case. Opponents, on the other hand, have a three-word message, "hunting is cruel." A message easily supported by the emotive evidence of the camera which, as we all know, can lie very effectively indeed in the hands of skilled propagandists.

What came through rough

What came through your article very clearly was that even if staghunting was generally fround to tubial is by ally frowned on (which is by no means clearly the case) there would be very serious consequences, social economic and not least for the welfare of the deer themselves, were it stopped tomorrow. Charles Nodder. 59, Rennington Road, SE1.



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FINANCIALTIMES

Friday November 29 1985



WAY CLEARED FOR LARGEST FLOTATION IN HISTORY OF WORLD STOCK MARKETS

UK leaves gas issues unresolved

BY MAX WILKINSON AND DOMINIC LAWSON IN LONDON

stock markets by publishing its bill for selling off British Gas.

It became clear, however that major questions about the competitive environment within the gas industry are still unresolved.

The most important of these is whether the Government will lift abilities to improving the nation's restrictions on foreign trade in North Sea gas. This would create a closer link between world market prices and the cost of British Gas's supplies. However, it would mean that the Government would have much less influence over the speed at which North Sea reserves are

The other major uncertainty is for domestic consumers; the precise terms which will govern any contracts between an independant of a Gas User's Council to deal with customers' dent gas producer and British Gas for the use of its pipelines.

Mr Peter Walker, Energy Secretary, has said that he wants to strengthen the Oil and Gas (Enterprise) Act which said that the pipe-lines must be made available to

UK cities

get EEC

regional

By Quentin Peel in Brussels

LIVERPOOL and Birmingham, two

of the British cities hardest hit by

inner city blight and urban unrest, are to benefit from large grants from the EEC's Regional Develop-

A total of £153m (\$225.5m) has

been awarded to the first three inte-

grated regional programmes in the Community to be approved by the European Commission: in Mersey-

side, north-west England; Glasgow in Scotland; and Shildon, County

The programmes mark a signifi-

cant departure for the EEC regional fund, which has hitherto been de-

voted to individual projects rather

than broad programmes which in-

clude a variety of different

schemes. Only the cities of Belfast

and Naples have previously benefit-

ed from such an approach on an

In addition to the British pro-

grammes, French schemes in the

Pas de Calais, Lorraine, the Auvergne and Limousin will receive fi-

nance from Brussels - but they are

only considered as "elements of regional programmes" yet to be

Birmingham will receive £13m to-

wards the cost of the first phase of

its planned convention centre, Mr Grigoris Varfis, the European Com-

missioner responsible for regional affairs, announced yesterday.

The Birmingham grant was made as a special exception to the normal

regional fund rules (which exclude convention centres from the list of

eligible projects) because of the

breadth of political support and en-

thusiasm for the scheme, officials

Merseyside, the Liverpool region, will receive £66.7m for its Mersey

basin programme, designed to

clean up pollution of the estuary

and stimulate economic regenera-tion of the area. The grant amounts

to 50 per cent of the eligible

A grant of £68.2m is being made

to Glasgow for a comprehensive

programme to improve the city's

outworn roads, public transport, water system and sewerage. It is al-

so aimed at boosting the tourist

The third programme is for the

unemployment blackspot of Shil-don, Bishop Auckland and Newton

Aycliffe in County Durham, devas-

tated by the closure last year of the

British Rail Engineering wagon

works, the largest employer. The

plan will receive £18.1m for the

potential of the city.

said in Brussels

Durham, north England.

experimental basis.

finalise

grants

ment Fund.

THE UK Government yesterday measures - and most of the terms leared the way for the largest flo- for the regulation of the industry tation in the history of the world's will not be made known until the licence for British Gas is published

> management of British Gas will be free to apply all of its talents and energy market."

> It is expected that the corporation will be sold off next autumn for as much as £10bn (\$14.7bn).

The main measures set out in yesterday's bill were:

• Creation of a new Office of Gas Supply (Ofgas) to regulate the in-dustry and to set maximum prices

Council to deal with customers complaints and to replace the existing consumer's body; ● Transfer of most of British Gas's present duties for supply and safety

to the new private company; The granting of a monopoly for supplying domestic consumers to the licenced utility, which will be



Mr Peter Walker

● To give Ofgas power to intervene in the setting of contracts for other companies to use British Gas's

● To Give Ofgas power to ask the Monopolies Commission to extend or change the licence for British The last of these provisions is clearly intended by the Government as a sword to be suspended over British Gas's head to ensure its future good behaviour.

This may also have been thought necessary because Ofgas will not be involved in setting North Sea gas prices and is only expected to intervene in cases of dispute in contracts with large industrial gas users. The Gas Users' Council and the Office of Fair Trading could also be involved in such disputes.

Preliminary reaction from the oil industry yesterday was that the Government appeared not to have done enough to create a more competitive gas market.

The City of London appeared happy that without a significant readjustment of British Gas's pow-er in the gas market the company will make an attractive investment. "It is not a growth stock in any

shape or form but, like British Telecom, it will get decent earnings growth for quite a long time, through cost reductions," said Mr Ian Watts, oil analyst at stockbrokers De Zoete and Bevan.

The US experience, Page 12

Go-ahead for new Gatt round

THE WORLD'S major trading nations yesterday swallowed their dif-ferences and agreed to prepare for a new round of negotiations to turn the tide of protectionism.

Preparations for the talks will start in January, it was agreed at the annual meeting in Geneva of the General Agreement on Tariffs and Trade (Gatt), the world trade

Formal endorsement of a procedural compromise painfully ham-mered out over many months means that the real bargaining will start at the end of next year or the beginning of 1987. That assumes the timetable sketched out yester day actually holds.

The 90 Gatt countries formally decided to appoint a committee to prepare by mid-July next year an genda for the negotiations.

Trade ministers will meet in Sep-tember to launch the round, which most big trading nations regard as urgently needed to curb proliferating trade barriers which are threatening to stifle the liberal trading

Yesterday's decision was a signal to the international business community that we are serious, Mr Mike Smith, the US Deputy Trade Representative, said.

President Ronald Reagan an normced in September that he would seek congressional authority to negotiate. The bill seeking anthority for this should be submitted to Congress next spring, Mr Smith

The emphasis is now likely to shift from a bitter dispute over freeing trade in services, which for several years has pitted the US and other industrial nations against handful of developing countries notably Brazil and India. But a rift between the US and the

preparatory committee takes up the equally contentious issues of trade in agricultural goods and export

It was a compromise on how to handle trade in services and on the timetable which opened the way yesterday for a consenus decision to set up the preparatory

The text provides for exchanges on services to continue in an existing Gatt committee under Mr Felipe Jaramillo of Colombia, the Gatt chairman. This committee will submit recommendations to the Gatt nations at their next session which would normally be in a year's

Editorial comment, Page 12

Brazil reforms tax and seeks cut in deficit

Continued from Page 1

The changes in the personal in-come-tax structure would take about 1.3m people out of the tax net, Mr Funaro said. Income tax will be eliminated on salaries of up to about US\$4,000 a year. Higher tax bands among middle-income earners will enjoy a 25 per cent reduction on existing rates.

The Government expects most of the reduction in its operating deficit to come next year from its own lower debt servicing requirement, due to hoped-for lower domestic interest rates. The Finance Minister expected savings of Cr 35,000bn (US\$2.5bn) next year from the

Altogether, the Government's tax receipts are expected to rise by Cr 20,000bn in 1986, mainly through speeded-up corporate tax payments and fresh taxes to be levied on fi-nancial operations. Savings in direct government expenditure are forecast to contribute a further Cr 8.000bn towards reducing the overali public sector deficit.

Mediobanca stake sold by Gemina

quisition from cash reserve and thus the bank loan should total between L150bn and L200bn; This will be refinanced early in next year by means of a share issue by PAF (the Varesi master company) open to investors on the Milan bourse and outside Italy. Mr Gianni Varasi will meet UK stockbrokers in London

It is understood that Gemina

THE LEX COLUMN

A pattern of islands

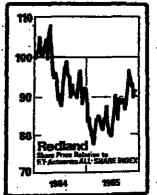
Of all the issues that embarrass the defenders of City self-regula-tion, the saga of Mr Jim Raper must be among the most difficult to brush aside. It now appears that even at the moment when Mr Raper was being welcomed back to the Stock Exchange in 1983, he and his companies were at work in ways which the Department of Trade (DTI) inspectors now describe as likely to have been at odds with the law on concert parties. The DTI inspectors have been given a difficult time by companies

connected with Mr Jim Raper ever since his City rehabilitation. Before even getting to grips with an al-leged stripping of assets that pre-ceded the liquidation of Milbury, a Raper company which acquired Westminster Property in 1983, the inspectors have just finished looking at the way in which Milbury at least keep profits afloat next
(that is, Mr Raper) originally gained control of Westminster; how improve. The other hold-up has many concert parties were playing Mr Raper's tune? They found it remarkably difficult to reach a

The problem was to decide between two equally plausible stories. One explanation was that a private detective named Withers, employed by the Seychelles Government to develop a worldwide counterinsurgency network, had misused £850,000 of his client's money by putting it into Westminster shares, subsequently voting with Mr Raper. On the whole, the men from the DTI thought this somewhat more unlikely than a far-fetched idea that the money had been provided from Swiss bank accounts controlled by Mr Raper. But it is hard indeed to choose.

As it happens, the evidence was even richer in suspicious tangles than the report makes out. Since the inspectors reached their conclusion about the relations between Mr Raper and Mr Withers, it has become apparent that there may at the time have been more of a link EEC is bound to appear when the than they thought between Mr Raper and a Mr Furey (operating from Miami and Curação). The investiga-tion continues; so does the embarrassment of every authority in

interim profits to £50.7m may have on Singapore and the results of the proceeds from the sale of surplus company's ride this year has been duly oversubscribed, with foreign next year of the best part of 200m, anything but smooth. The cracks in investors taking the slack as the lowest Germany were evident at the cals were too busy covering short price to 280p was not existly last year-end; since then they have positions. Even so, SIA managed to overreaction.



and a drop in profits of a third. Layof a group with a substantial Britisi
offs have been unavoidable, but will
shareholding. improve. The other hold-up has been in Australia, where a 20 per cent rise in profits was wiped out by currency losses.

capacity by next summer and pro- results for the year to September duce substantial cost savings.

At home, increased competition in roof tiles has not yet affected margins, and Redland is hoping to UK contribution should be well up issue

underperform.

Cathay Pacific

Swire Pacific might have chosen a more auspicious day to announce subscription for SIA. The issue was

pull in only a fifth of the cash thrown at Laura Ashley in London. It is not as if Cathay Pacific has any need of cash: at this stage, it appears that the proceeds of Hong Kong's largest flotation, or up to HKS2.5bn, will accrue entirely to Swire Pacific and Hongkong Bank, the airline owners. Having sold all its aircraft in favour of leaseback arrangements with Japanese banks, Cathay is sitting on assets that consist primarily of a lump of cash and its routes to and from Hong Kong. It is the valuation of the routes that underlines the political nature of yesterday's announce turned into potholes. Housing starts are way down, which will mean a 15 chance of keeping those routes afper cent fell in volumes for the year ter 1997 than as the chief subsidiary

Royal Bank

refreshingly clean of tricky over The US, though, is shifting up a gear. Redland Worth, the Texan aggregates business, saw 20 per cent higher profits, and a £25m investment in new plant will double rating to bid interest. Yesterday's a period which showed more cost than benefit from the merger with proved the bid support irrelevant. cash in on higher government Pre-tax profits increased by a full spending on council house renova- 27 per cent to £188.3m, while the tion. With a bounceback from Ca-woods after the miners' strike, the after adjustment for the rights

this year.

This all suggests profits just edging up to around £112m in 1985-86, with over £120m in prospect the following year. On yesterday's priceup by 579 – the shares stand on a prospective pla of £114 will a tensor of the following the profits have a prospective pla of £114 will a tensor of the following the profits have a prospective pla of £114 will a tensor of the following the profits have a prospective pla of £114 will a tensor of the following the a prospective p/e of 11%, still a tan- more than supported by the 18 per talising 2% points less than Tarmac.
But that gap is unlikely to disappear while Germany continues to rept account portion of its funding

The one disappointment of the figures is probably not confined to Royal Bank alone. Even allowing for the £81m in bad debts inherited fully provided from Charterhouse, the charge this year was nearly the flotation of Cathay Pacific. It e50m and there is no sign of a let up was not simply that the local market was in retreat. Given that the However, by then Royal Bank international sky is well stacked should be seeing some real benefits Redland's 5 per cent increase in with airline issues, many eyes were of the merger and a hefty whick of

LAURA ASHLEY 'MAY BE 40 TIMES OVERSUBSCRIBED'

Thousands of would-be investors thronged London pavements yesterday in a last-minute rush for shares in Laura Ashley, the fashion and design group being floated on the London Stock Exchange, writes Richard Tomkins.

By the end of the day it seemed likely that the offer for sale had been oversubscribed up to 40 times. received for shares worth a total of £2.5bm (more than \$3.6bn),

One applicant alone is believed to have asked for £54m worth of the £62.8m issue.

There was speculation in the market that the shares could open at a premium of at least 45p above the offer price of 135p when dealings begin next Thursday. One ficeused dealer making an unofficial market in the shares yesterday reported sub-

stantial two-way turnover at 199p to 204p. Queues began forming outside Barclays Bank's

new issues department in Farringdon Street at 7.45 am and stretched about 100 yards for much of the morning. The original deadline of 10 am was ex-tended to allow all those who had joined the queue before that time to submit their applications. Klein-wort Benson, the merchant bank handling the flotation. said: "We would have had a riot on our hands if

The atmosphere was generally good-humoured but there were ugly scenes at times as Kleinwort ruthlessly enforced its ban on multiple applications. layone submitting more than one comp had applications scrutinised on the spot. Obvious e applications were thrown instantly on to a

Tussles broke out as Kleinwort staff attempted to seize forms from people who were clearly hoping to hand in one form at a time before rejoining the back

US wants banks to support Baker plan by December 15

BY JONATHAN CARR IN DÜSSELDORF

THE US is seeking a "statement of and the Inter-American Developsupport" from Western banks by December 15 to try to maintain the momentum of its plan to help to ease the international debt crisis.

This was revealed by Dr Alfred Herrhausen, chief executive of Deutsche Bank, West Germany's biggest commercial bank, at a press

Dr Herrhausen said he was scept-ical whether the deadline could in fact be met, noting that many details of the plan - put forward last month by Mr James Baker, the US Treasury Secretary - still needed

He added that he was confident the Baker plan would eventually be realised, stressing that in his view there was "no alternative" to it.

Under the US plan, commercial banks would agree to lend \$20bn to the most indebted states over the next three years, with a similar sum coming from the World Bank ment Bank. Simultaneously, under continu-ing guidance from the International

Monetary Fund (IMF), policies in the debtor countries would shift to help to promote economic growth. Dr Herrhausen stressed that the latter point on growth was vital, since continued "austerity and belttightening could bring no durable solution to the debtor states'

The Deutsche Bank chief also named other conditions he felt would be decisive for banks in considering whether to support the scheme actively.

The conditions included: Credit must be provided only on a

"case by case" basis, after presenta-tion of a "confidence inspiring" eco-

• The relationship between the contributions of the commercial banks on the one hand and govern- is not a member.

ments and multinational institu tions on the other, had to be "balanced". Among other things that meant governments should help via export credit guarantee schemes like Hermes in West Germany.

 The debtor states must create conditions to stem capital flight and encourage foreign investment. These and many other points are already being discussed by the banks and, according to Dr Herrhausen, will be raised at a meeting

December 15 deadline. The Deutsche Bank executive pointed out that it was not clear yet to whom the requested statemen of support should be addressed whether to Mr Baker or some other

London shortly before the

person or institution. He did rule out that an important role in the initiative would be play-ed by the Institute of International Finance, the Washington based "think tank" set up by commercial banks, but of which Deutsche Bank

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A3 (M)





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We've lots of places For successful companies that want to for you to go and fine countryside and coastline.

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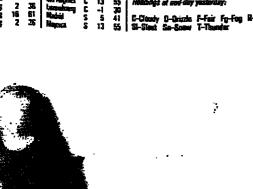
UK and Europe. It's great for family life with good housing, lots of leisure activities, a rich heritage

Hampshire and the Isla. of Wight has an R & D minded university and colleges to educate the young, flexible and well-trained workforce.

Cyanamid, Diners Club, Esso, IBM United Kingdom, Lilly Industries, Monsunto, Plessey and Zurich Insurance have all come our way." and are come places fast

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8 New location, contact the H	Wight, there's a welcome for all businesses and need lampshire Development Association, SO22 588 or phone 0962 56080	7
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Cathay Pacific sale Continued from Page 1

30 per cent. Under the flotation plan, each

company would reduce its holding company would reduce its nothing pro rata. Swire to 52.5 per cent and the Hongkong Bank to 22.25 per cent, enabling 25 per cent to be offered to the public. Mr Miles said yesterday the aim would be to achieve the maximum widespread distribution of shares among individual Hong Kong investors" and to give preferential treatment to applications from airline staff.

Cathay is Hong Kong's second

largest employer, with about 6,600

staff. It operates 19 wide-bodied air-

Corporation holding the remaining Asia and North America. It carried 3.6m passengers last year and will in 1986 begin direct services to Peking, Rome, Paris and San

In 1984 Cathay accounted for over half of Swire Pacific's earnings, with a turnover of about HK\$7bn. Earnings for 1985 are expected to rise close to HKS1bn, causing analysts to put a value on the company of about HK\$10bn

Mr Miles said that Swire Pacific's proportion of the funds generated craft between 27 cities in Europe, airline operations in the group. shareholders.

Continued from Page 1

today to discuss his group.

shareholders such as Fiat and Pirelli are expected to utilise part of the proceeds from the Montedison share sale to pay for new shares now held in Mediobanca by the IRI state holding group. This forms part through the share sale would be of the settlement of the Mediobanca used to reduce the dominance of conflicts between state and private

Commercial Vehicles

Reductions in manning and capacity are beginning to improve profit and loss accounts, but Europe's over-production is the manufacturers' main worry.

Skirmishes in the price war

By Kenneth Gooding Motor Industry Correspondent

ACTIVITIES General Motors' roving ambassa-dor, Mr. Boh Price, have pro-vided one of the major talking points in the European truck in-dustry during the past few months.

Mr Price, well-known in Europe since his term between 1971 and 1979 as chairman of GM's Vauxhall subsidiary, has been on special assignment from GM's headquarters in Detroit. His task: to do the research which will enable CM, the

world's largest automotive group, to decide which direction it should take to build up a much more significant presence in the European heavy truck business. GM already owns Bedford in

Britain and is fast turning it into a major producer of light commercial vehicles. But Bed-ford's position at the heavy end to get worse if GM does not take

There seems to be no heavy truck producer in Europe which Levland, possibly along with the has not had a visit from Mr Land Rover company, and

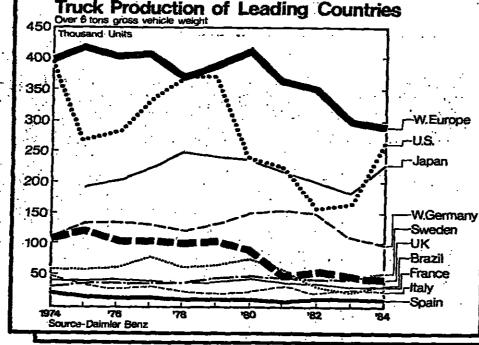
partners or co-operative ven-tures. There have been long and very serious negotiations with the Spanish Government about the potential purchase of Enasa, the state-owned Pegaso truck and bus company. That deal would have brought with it Enasa's British subsidiary Sed. Enasa's British subsidiary Seddon Atkinson.

GM-also attempted to interest the GHE engineering group to sell MAN. West Germany's second-largest heavy truck pro-

Both sets of negotiations came to an end recently leaving GM empty handed. GHH de-cided MAN was recovering fast enough from traumatic losses without any outside help.

The Enasa talks were going well but when it came to talk-ing terms, GM backed away, saying it wanted to put nego-tiations on ice while it con-sidered alternative options for its European truck business.

That alternative could include Leyland in the UK. Serious discussions between GM and BL. market is weak and likely have been going on for some worse if GM does not take months. Most observers assumethat, if these come to anything. they will lead to GM buying Levland possibly along with the



merging it with Bedford.

The underlying reason for all this heetic activity by GM is that the US group is attempting to put together what could in broad terms be called a "world truck" programme. This will involve the development of a chassis which could serve as the platform for trucks to be assembled in individual markets across the globe.

At the same time GM's world truck and bus organisation, based at Pontiac, Michigan, is putting together a variety of key components which can be mixed and matched to go with

This programme, which should come to fraition in about five years' time, needs more heavy truck volume in Europe than Bedford can provide. Hence GM's search for partners. The fining is also important because the European heavy truck industry is only just emerging from the depths of a

be some bargains to be picked

up.

GM would be following the footholds in the world's biggest truck market.

At that time Daimler-Benz the Mercedes group, bought Freightliner, Volvo acquired White Truck and Renault took a stake in Mack which gave the three Europeans about 40 per cent of the US heavy truck mar-

As the world's major exporters of heavy trucks, the Euro-peans bore the brunt of the col-lapse in world demand from 520,000 in 1979 to only 350,000, out outright casualties, in 1983. At the same time many "Most industry restrof them made decisions in the occurs not at the botto late 1970s to increase capacity recession but at an early stage. However, the intense price on the basis of forecasts of of recovery when potential new war in the heavy truck market co-operative ventures, more purbright prospects and the result- owners can see some financial still bursts out at times. The chases from outside suppliers in new capacity came on stream dogic in the acquisition of addi-

in the depths of the recession.

So the European industry to-day probably has the capacity to produce 600,000 heavy trucks a GM would be following the example of those European companies which took advantage of of excess capacity.

However, 1985 for much of the industry has been a year of the industry has been a y

financial progress if not of in-creased sales and production. Reductions in manning and capacity are beginning to have an impact on the profit and loss accounts and some companies which were suffering heavy losses are now at least at break-

Mr John Lawson, director of DRI International's automative would be premature to claim that the European industry has "Most industry restructuring trying to so occurs not at the bottom of a trouble.



This Scania recovery vehicle has a 280 hhp diesel engine and the hydraulic equipment by Bro Wrecker can winch up to 38 tonnes.

philosophies in the heavy truck

engines, gearboxes and axies

while the rest buy many key

components from outside sup-phers — there are different opinions about the way the

European industry can face the

panies feel they can only hope to achieve the volumes to justify

investment in new components

by having a major presence in all the major truck-producing

regions. Daimler-Benz and Volvo already have substantial operations in Latin America as

Scania, another of the "ver-

tical" producers, is represented

well as the US and Europe.

small way in the US.

future with more confidence.

taken place in France in the past year because the domestic pro-ducer. Renault Vehicles Industional assets." he points out. The Europeans have had to adjust not only to a lack of adjust not only to a lack or growth in their domestic markets but also to a rapid fall in demand from the Middle East—fall below 42 per cent—at which point it feels its dealer network would be in danger. of heavy trucks to the Arab countries reached 82,400 as recently as 1981 but collapsed to only about 17,000 last year. industry — a small number of companies believe in vertical in-

There is no sign of any other major market emerging to take the place of the business lost in the Middle East. Nobody expects truck demand in Europe to return to the peak reached in 1979.

As Mr Sten Langenius, president of Volvo Truck Corporation, says: "Demand this year in can't survive in this market then ve must think again about our

This is certainly the approach services, says, however, that it taken by most of the European would be premature to claim companies which recently have that the European industry has been concentrating more on-weathered the recession with aligning costs with a more dependable revenue flow than on trying to sell their way out of in Latin America and Europe but is only just setting up in a

Contents The UK West Germany Japan The US Japanese makers in the US The manufacturers: Enasa, Eveco, Daimler-Benz Leyland, MAN, Renault Daf, Scania, Volvo Driver's view Joint ventures

component producers is order of the day. Mr Mike Hammes, vice-presi-

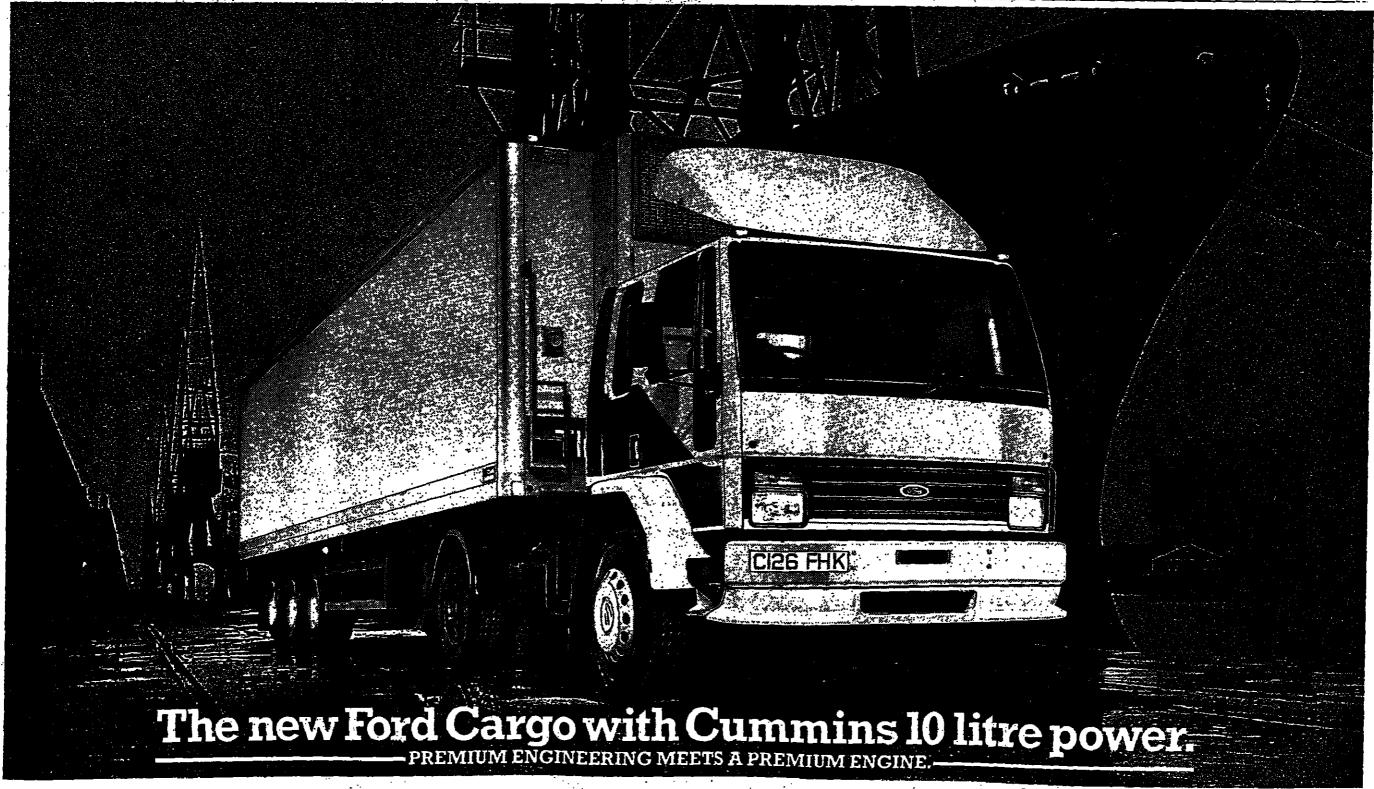
dent of Ford of Europe's truck operations, sums up the approach in this way: "I don't believe any of us (heavy truck makers) can afford the con-tinued proliferation of major sheet metal assemblies and powertrains within our product ranges.

We must find a way to utilise these major investment items in a far more cost-effective competitive products which turer nor the consumer. "While the manufacturers

clearly want to please the cus-tomer," he says "this goes against the basic idea of maximising economies of scale. This is, however, where the proprietary parts manufacturers have a most important role to play.

"The European industry has tended to try to develop as many components as possible for in-house manufacture, often at uneconomic volumes. To give really attractive economies of scale and to generate a sufficient volume to absorb development costs. I believe we manufacturers must be ready increas-ingly to use high-quality, pro-

CONTINUED ON PAGE 3



Ford announce a major entry into the extra-heavy truck market, with a range of artics up to 34 tonnes GCM.

With premium componentry like the Cummins LT10-250 engine, Fuller 9-speed transmission and Eaton rear axle.

Superbly matched and set up by Ford.

of high-powered thinking has gone into this new Cargo.

So it's got some unbeatable performance figures. In a recent Motor Transport road test, a Ford Cargo 3224 achieved a fuel consumption figure of 8 mpg at an average speed of 39.5 mph.

Aerodynamics are the best in its class. As well as a really great power train, a lot And at 32.5 tonnes GCM, so is the trailer and payload allowance: 26.8 tonnes! Servicing require- manpower to service the new trucks. ments equal or beat all competitors.

While for even greater versatility, this powertrain can be specified in a rigid chassis for Drawbar operation.

And we've already set up the Linehaul dealer network: 45 dealers powered up with a massive back-up of spares, tools and trained

Contact your dealer for a demonstrator. And try out this great new Ford in your operation.



European registrations (over 3.5 tons) 1984 o mkt. Share United Switzer-Totals lands Kingdom Germany Belgium Denmark £Iте France Italy Sweden Austria Spain Norway 2,422 509 242 1,587 58,355 8.523 1,473 14,821 Daimler-Benz 1,010 1,437 297 102 464 235 1,400 33,592 27,778 6,799 465 310 Iveco Renault-RVI 87 1,064 17,700 3,976 824 1,089 60 524 224 180 121 4.833 19,729 14,309 4,493 1,052 326 Volvo MAN/VW 296 12,719 13,805 10,419 191 246 1,415 3,094 201 1,823 28 37 364 76 9,547 626 1,185 350 375 195 459 192 Ford 1,712 2,063 182 63 2,461 2,594 7,735 6,909 723 1,205 15 51 91 155 109 224 Scania DAF 8,045 7,364 Leyland GM-Bedford 11 190 Motor Iberica 4.392 3 4,614 1,507 11 4,600 Enasa 1,505 1,526 Seddon ERF Stevr-Daimler 1.235 155 4.986 30.7 835 4,057 -- 6.5 1,635 448 510 4,163 Others 2.458 -- 15.7 41,744 1.1 4,552 11.8 100.0 6,941 12,864 52,926 227,422 Totals 84/83 - 9.8

Sales lag in struggle against over-capacity

The UK JOHN GRIFFITHS

" SOMETIMES. wonder whether we're ever going to see any light at the end of the

The comment comes from Mr made during the summer as he reflected upon the state of the heavy commercial vehicle industry both in the UK and on the Continent. He was offering his own view

that the UK heavy truck market, for vehicles over 3.5 tons gross weight, would do well this year to reach 55,000 units, compared with 52,800 in 1984. He is unlikely to be far off: in the first 10 months of the year, registrations reached turers considered the UK a vul-48,385. That was 7.7 per cent nerable target as they sought up on the same period of last year, and a large improvement on 1981, when the industry reached a 40-year low of just over 42.000 units for the full

But this year's sales levels remain far below the record 80,000 achieved in 1979, and Mr Toy's gloom was based, too, on the fact that by his estimates truck over-capacity in Europe

UK, whose plant at Langley, average maximum useful life. Berkshire, is the sole source of Thus there ought to be a supply — with its Cargo range replacement "bulge" which, supply — with its Cargo range replacement "bulge" which,
— for all Ford's European truck DRI forecasts, should produce a

market leader in heavy trucks, but has come under increasing from BL-owned Leyland Vehicles during the current year.

Both, together with General Motors' UK trucks subsidiary, Bedford, have in turn continued to come under pressure from imports. The rate of increase penetration has slackened this year from the large gains made up to the end of 1984, but has still risen during the first 10 months to 36.81 per cent (36.06). Five years ago, imports accounted for only half

The situation reflects an amalgam of factors; a still relatively high value of sterling against Euro-currencies, the UK industry's long struggle to bring its manufacturing costs down, and the fact that virtu-ally all Continental manufacsubstitute markets for those that had collapsed in developing countries.

But in the view of forecasters like DRI Europe, there are now some grounds for cautious opti-mism, both in terms of UK mar-ket demand and exports: DRI points out that next year Has now reached 45 per cent, should see a large proportion Heavy commercials are of of the record number of trucks particular importance to Ford bought in 1979 reaching their

markets. further rise in sales, to just Ford also remains the UK under 59,000 units.

mance is improving, in large part due to developments outside Europe. The principal positive factor has been the resumption of imports by Nigeria this year, although the change of regime there does change of regime there does underline the fragility of any

recovery. Nevertheless, Nigeria alone has absorbed half as many trucks again in the first seven months of this year as in the whole of 1984 (1,070), proving of particular benefit to Bedford

is to invest £9m at its Albion axie plant near Glasgow, with the intention of increasing capacity from 30,000 to nearly 60,000 axies a year, allowing the opportunity of sales to other manufacturers.

None of which, against the background of rising imports, at the operating level in the first is expected significantly to half of this year: after a 1984 reduce the UK's balance of loss of £64m, while Bedford's trade deficit on commercials, net loss last year of £62.4m was which reached £271m last year. higher than in 1983. UK manufacturers are sull seeking to cut their costs. One manifestation of this has occurred with Ford this year, when it announced that 470

pany ending production of axles for its trucks up to 16 tons. It is to buy them from Rockwell Ford already buys axles for its trucks over 16 tons from Eaton. It simply is not worth Ford producing such items itself, the company explains.
when companies like Eaton and
Rockwell, which produce axies

The UK Government would for truckmakers all over the world, can achieve such large

truck-related jobs were to go by 1987 as a result of the com-

economies of scale. Meanwhile, both Leyland Vehicles and Bedford have continued to struggle with large privatise, losses. Early in November, For its

At the same time, the UK ther 500 jobs are to be cut-manufacturers' export perfor-mance is improving, in large part due to developments than trucks—but mean that Ley-

the announcement in mid-November that Leyland Trucks is to invest £9m at its Albion axle plant near Glasgow, with

But while its losses are reducing, they still came to £23.5m

The disclosure that Leyland Vehicles and Bedford have been holding talks during the past few months inevitably has sent a surge of speculation through the industry. Quite what is involved remains unknown — but the speculation ranges from a £350m outright purchase plan by Bedford's GM parent, to simple collaboration like Bedford using Leyland's C40 truck cabs. GM earlier had tried to to buy

be likely to welcome a take-over — Leyland Vehicles represents one of the most problematical parts of the BL business it would like to

and bus growth — is still far from achieving the economies of scale employable by other European producers such as Daimler-Benz and Iveco. Both sides indicate that the talks

should come to a head soon.

They have been taking place during a year in which Bedford has continued to rationalise its heavy truck operations at Dun-stable. The workforce is being cut to 6,900, from 9,700 two years ago, and capacity by 40 per cent to 30,000 trucks a year.

swift rise in Daimler-Benz's per- mixed fortunes. formance is due largely to its LN range of 7.5 ton trucks launched last year. Now, the company is spending £9.1m on a new commercial vehicles pre-paration centre at Barnsley, for to consolidate its gains.

Meanwhile, heightened competition is coming from Renault Truck Industries, on which the French state-owned vehicle makers has spent £40m since acquiring the Dunstable-based former Dodge concern from Peugeot in 1981. Early in November, RTI added two new heavy truck models to the Dun-stable assembly lines, more than doubling its coverage of

the 16 tons-plus market. privatise.

With them, it plans to inFor its part, Bedford—which
is now part of GM's world truck

With them, it plans to intrease its penetration of the
heavy truck market from 2.7

is still far per cent now to at least 6 per e economies cent by 1987. They are being sold at exceptionally low prices
—a reflection, however, of the trucks being carefully tailored to the UK, and Dunstable's productivity now equalling that of any plant in Europe, rather than of aggressive marketing, the company insists.

Source: Automotive Industry Data

Volvo, which expects to sell nearly 5,000 trucks in the UK this year, has also raised the status of its plant at Irvine, Scotland, from mere assembly to production, and is currently spending £750,000 on increasing capacity from 1,600 to 2,000 trucks a year. This will allow They come, too, as Bedford has suffered the humiliating experience of slipping into fourth place in the UK heavy truck sales league, having been truck sales league, having been and Foden, are experiencing fortunes.

Mr Peter Foden, chairman of ERF, says the company's move at the end of last year to "standardise" its trucks around Cummins engines, Fuller gearboxes and Rockwell axies has been a success, with unit sales up 35 per cent when exports are included, though UK sales are only slightly ahead

of last year. Seddon Atkinson, sold by International Harvester to Enasa of Spain in March last year, has also seen UK sales rise slightly, and is said to be

seen sales fall sharply, but has had a roughly similar ininsists that this is the result crease, from 9.4 to 10.3 per of a firm refusal to enter the cent. discounting wars.

Hard fight for market share

THE SHAKEOUT in the French market share from 4.1 per cent heavy commercial vehicles to 4.7 per cent. However, Iveco. market, for trucks over 5 tonnes, has continued this year.
In the first eight months the of penetration moving from 13 market was 20 per cent lower than the already depressed level of the previous year and prospects for the full year are not bright. At best, the rate of decline will not increase in the final part of the year.

Despite this collapse the price war between the major manufacturers has not reached the levels of 1983 when some discounts exceeded the 40 per cent mark. However, the price war has flared up again in the second half.

Although there continues to "Although there continues to be heavy discounting, mercifully the price cuts have not yet reached earlier peaks." says an official of Renault Vehicules Industriels (RVI), the truck manufacturing subsidiary of the troubled state-owned Renault car group.

car group.

RVI has tried to contain its discounts as part of overall efforts to reduce its losses, think are trivial to be high. At which continue to be high. At one stage last year RVI launched a major price dis-counting attack on the French market to recapture market share from its main rivals. But after recouping a 42 per cent penetration of the domestic heavy duty truck market RVI has lost about three points in domestic market share in the first eight months of this year, with its market penetration falling to 39.7 per cent.

In contrast, the company's bottom line has shown some improvement with Josses reduced to FFr 800m (\$102m) in the first half of this year compared with FFr 1.2bu in the first six months of 1984. But the company has warned that the uncertain market situation could increase losses in the second half, especially France's renewed truck price war does not ease before Christmas.

The decline in RVI's share of the French heavy duty truck market has helped the French company's major rivals either maintain or gain some points in market penetration. Mercedes operating profitably.

Foden, however, which is owned by Paccar, the US truck maker based at Seattle, has to 21.2 per cent, while Volvo

which closed a truck plant in per cent to 14.7 per cent. in contrast, the overall French market for under 5 tonne commercial vehicles has been more resilient, increasing by 0.5 per cent in the first eight months of this year. RVI also saw its share of this sector rise, by 0.6 per cent to 25.3 per cent.

The continuing slump in the French heavy duty truck mar-ket has done little to comfort RVI's continuing restructuring efforts to cut losses. The Renault truck subsidiary is currently trying to cut 2,500 jobs in France this year to bring its total French workforce down to 22,300 from 24.800 at the end of last year.

France

PAUL BETTS

So far, the company has managed to cut 1,770 jobs out of the target for this year through a whole series of measures rang-ing from early retirement incenimmigrant workers, and other incentives to encourage workers to retrain for other jobs.

But the fate of the remaining 780 jobs to be cut this year is proving a big social headache for RVI at a time when the pro-Communist CGT labour union has been trying to mount-so far without much success-a major labour conflict against the Renault group and the current sweeping restructuring efforts of M. Georges Besse, the new Renault chairman.

But if the domestic market remains a major problem, RVI has been expanding its collaboration with Mack Trucks, in which it owns a controlling stake. Indeed, Renault is banking on its relationship with Mack to develop products in France for the US market.

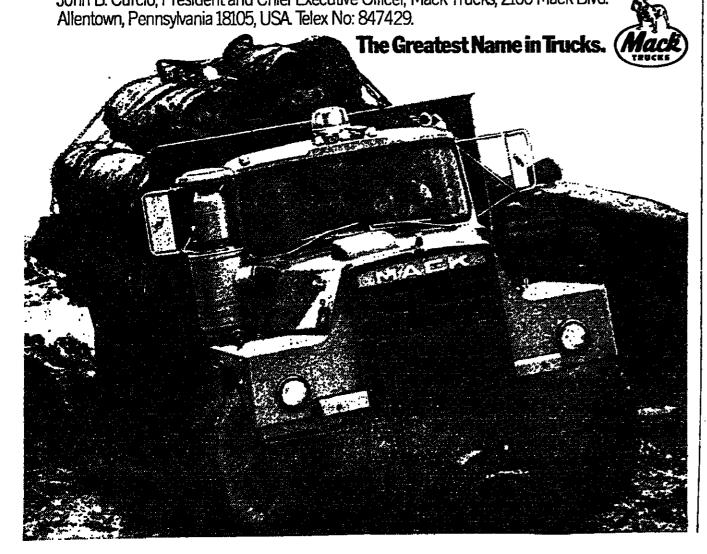
The French company has now started marketing its new FR-1 coach in the US through Mack together with the Midliner range of medium-sized trucks. Mack has enabled RVI to penetrate new export markets. Indeed, RVI won this summer through Mack its first contract to supply 60 buses to the city Scania has also increased of Perth for FFr 22m.

At Mack we could just supply developing countries with the world's most technologically advanced, hard working construction and road haulage trucks.

But we feel a deeper responsibility. Our policy at Mack is increasingly one of participation. By setting up and developing national truck manufacturing/assembly industries.

Mack can provide the expertise and experience gained over 84 years to improve technical education, management capabilities and create employment

Countries with such diverse transportation needs as New Zealand and Venezuela have benefitted from mutual co-operation with Mack And achieved outstanding results. If you feel your country could benefit from a similar programme, please write to me: John B. Curcio, President and Chief Executive Officer, Mack Trucks, 2100 Mack Blvd.



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Demand up after tough times

Italy ALAN FRIEDMAN

THE ITALIAN commercial and industrial vehicles market—
after three tough years which
saw domestic demand drop
significantly—is finally showing
signs of emerging from crisis.
Leading manufacturers tend to agree that the first six months of this year ,saw a rise in demand of just over 11 per

cent.

This upturn, while only a gradual recovery, must be seen in the light of the experience since 1982. In 1982 domestic demand fell by a quarter, the following year by 20 per cent and in 1984 by 10 per cent. The market for commercial vehicles of more than three tonnes—has seen vicious discounting wars and important restructuring of the manufacturing companies. turing companies.

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The Italian market for commercial vehicles is now worth roughly L3,200hn (\$1.8bn) and the manufacturer which has put itself through the most inten-sive restructuring is also the market leader with a market share of around 60 per cent. The company is Iveco, the Flat group subsidiary which was hit by heavy losses in 1983 and 1984 and this year hopes to break even.

Europe's second-largest com-mercial vehicles group, is really Italy's only major manufacturer in this sector. The company was formed in 1975 and brought together the commercial vehicle activities of Fiat—including OM and Lancia in Italy—and Unic in France and Magirus in West Germany. Given the complex trans-national structure of lveco, it is registered in Amsterdam and reports results in Dutch guilders.

Dutch guilders.

In the face of mounting losses (1983 saw a \$79.4m deficit and 1984 a loss of \$135m) Fiat decided in May 1984 to replace Mr Giorgio Manina as Iveco managing director. The new man, Mr Giorgio Garuzzo, has been tackling the company's problems with some success—this year Iveco should break even on sales of about \$3bn.

alone and estimates are based on company declarations. Registration statistics lag much too far behind sales to be useful.

Import

Nonetheless, it is possible to make estimates which show that after Iveco the other leading producers (which import into Italy) are Ford, Daimler-Benz and Renault. Ford is said to have about 8 per cent of the

reace and West Germany and appears to have introduced a new rigour in the balance sheet. Most importantly, in a market where demand was falling, Mr Garuzzo reduced Iveco's break-even level of commercial vehicle output from 120,000 five years ago to 90,000 units a year.

year, the same level as a decade ago. But the number of em-

Iveco, which is Western playees, which was 52,000 ten (1.5 per cent).
urope's second-largest com- years ago, is now 35,660. The smaller companies have

In the first six months of this year Iveco sold 16,400 vehicles, out of a total world wide of 48,550. At the end of June it claimed a 62.2 per cent market share, up from 60 per cent in share, up from 60 per cent in

Market share figures in the Italian commercial vehicles industry are hard to come by: there is no official association which monitors this sector

and Renault. Ford is said to have about 8 per cent of the Mr Garuzzo has been cutting Italian market, although the costs, closing plants in Italy. France and West Germany and Transit 190 van is excluded the transit 190 van is excluded the actual share is only 1.9 per cent, or about 400 trucks in the 3.5 to 18 tonne category. Ford, like the much larger Iveco, has been in loss in the past couple of

Daimler-Benz has just over Daimler-Benz has just over the marketing and dealer strategies of foreign competitors as well.

The company, as Mr Garuzzo points out, has production running at about 100,000 units a year, the same level as a decade year, the same level as a decade (22 per cent), Japanese company and Volvo more encouraging. panies (2.2 per cent) and Volvo more encouraging.

discounting strategy it saw several of its dealers go under. Mr Daniele Colombo, marketing and sales director of Renault (Rialy), sums up the situation this way: "Iveco always says the (discount price) war is over. But there is a real difference between the number of dealers holding stocks and the number of customers providing demand. So the war goes on."
At Iveco, Mr Garuzzo is con-

tinuing his policy of industrial and financial restructuring. He says the Fiat truck subsidiary will return to the black next year, which would represent quite a turnround. Among the changes he has imposed at Iveco have been a cutting of the number of product lines available from 21 to six.

Similarly, he has cut the number of engine groups by half, to six, and has reduced the variety of different cabs from 20 to only four.

All these moves have been watched attentively by Iveco's competitors in the Italian market. There is evidence of some restructuring in the marketing and dealer strategies of foreign competitors as well.



Ford Cargo truck, extensively modified by a German specialist for aircraft catering service at Fili Airport. The hydraulic scissor-lift raises the body to a height of 5.6 metres.

Truck output in Western Europe - 1984

	(Over 6 tonnes gyw		
	_	Number	% of
ankii	og	produced	total
1	Mercedes-Benz ,,,	75,835	26.1
2	Fiat/Iveco	42.750	14.7
3	Repault VI	36.375	12.5
4	Volvo	31.647	10.9
4 5	Scania	22.100	7.6
6	Ford	16.103	5.5
7	GM/Bedford	13.752	4.7
8	MAN	13.560	4.7
9	DAF	12,769	4.1
10	BL: Leyland Vehicles	9.678	3.2
ii	ENASA/Seddon	8.298	2.9
12	Nissan/Motor Iberica	2.394	0.8
13	VAG/MAN	2.050	0.7
14	ERF	1.779	9.6
	Others	1.983	0.7
	APPER (111111111111111111111111111111111111	2000	440.0

Skirmishes in the price war

WILLIAM OF ALL

prictary parts." Mr Hammes suggests that key areas where the outside suppliers will be required to maintain product development and generate a sufficient industry wide volume base for a fair promotion of the truck makers in not yet very strong at the beavy end because it has no major end because it has no major

European truck organisation is also talking to Iveco about possible joint ventures and co-operation covering a wide area — but not, the companies stress, about a mer-

However, DRI's Mr Lawson says a merger of Iveco and Ford of Europe's truck business

CONTINUED FROM PAGE ONE many of the benefits of rationalisation at the European level."

As the European industry attempts to put its house in order, lurking in the background is the potential threat from the Japanese. The Japanese in-

wide volume base for a fair proportion of the truck makers in the future are on the specialist use of low-volume engines, gearboxes and axles to extend the versatility of manufacturers' basic ranges.

Ford of Europe has already taken action along the lines Mr Hammes has in mind and will phase out production of its own truck axles and instead buy from Rockwell's new plan in southern Italy in which Iveco, the Fiat subsidiary also has a shareholding and is a major customer.

The Japanese have in the recent past been setting up their own distribution and import companies in the US and, if their presence at the Brussels Truck Show earlier this year is anything to go by, are determined to do better in Europe, at least with medium-heavy vehicles.

Toyota, largest of the Japanese groups, has shown an

Japanese groups, has shown an interest in Enasa in Spain but seems to be interested in taking a very gradual approach and wants to start with a light com-

mercial joint venture. Volvo's Mr Langenius ack-nowledges that the European industry will have to remain on the alert. "The Japanese are developing their technology and would "make easier the further know how and we know that if necessary rationalisation of the European industry and the combined group would probably be strong and large enough to reap view it seriously."



New Mercedes-Benz 1644 S has a new engine and drive system which give better performance with lower fuel consumption.

Firm rise in production

West Germany IOHN DAVIES

STRATEGISTS Daimler-Benz have succeeded in putting down their marker in Mexico, which used to be one of the "blank spaces" on the company's world map. After some scouting around, the West Germans clinched a deal a few months ago on local production of diesel engines and commercial vehicles.

The Mexico agreement is yet another building block in the network of commercial vehicle operations which Daimler has been building up systematically worldwide. worldwide.

For a long while, Daimler executives have also been eye-ing other potential candidates for commercial vehicle projects. including China. But patience seems to be the watchword in a lot of international negotia-

In the face of tougher times in the world's truck markets in recent years. Daimler has always professed to have confidence in professed to have confidence in its ability to overcome the problems and to benefit from the long-term future of the business. But realistically, many markets are expected to offer only modest prospects in the immediate future and many developing countries continue to demand local production of vehicles rather than imports.
Overall, Daimler-Benz expects

commercial vehicle output to show a further slight increase this year from last year's total of 210,930.

Kits

Production within West Germany, which fell 9 per cent to 143,100 last year, has been running at about the same level this year. Production of kits for assembly abroad, however, is expected to reach about 27,000, compared with 18,000 last year. In its foreign works, production of commercial vehicles rebounded last year to 62,295 (from 47,200 in 1983) and is expected to show a further rise this year to more than 65,000. On its home terrain, Daimler-Benz has been benefiting from a mild upturn in the market, while in some Western European export markets, including the UK, it has made significant advences. Its performance has

pean export markets, including the UK, it has made significant advances. Its performance has been boosted by its new light and medium weight trucks.

In its strategy Daimler-Benz is attaching importance to the building up of inter-linked man.

building up of inter-linked production in various countries. For instance, its works in West Germany, Brazil and the US have been supplying parts for a medium-weight truck introduced in the US earlier this

Prof Werner Breitschwerdt, Daimler's chief executive, has out that an inter-

production link has elso been set up involving West Germany, Brazil and Indonesia. Similarly, Daimler hopes eventually to draw its Brazilian works and freightliner, its US truck subsidiary, into the opera-

Germans agreed to take a 49 per cent stake in Famsa, a privately-owned company, Output is to be increased and switched progressively to Daimler products.

Meanwhile, Man, the main West German rival to Daimler-Benz, has further consolidated its recovery after coping with the drastic fall in the heavy truck market in recent years. Man's commercial vehicle division reported that it broke even in its financial year to June 30.

In its current financial year, Man expects to increase commercial vehicle sales by 3,000 to 24,000. Man is building up its sale of vehicle parts and components to other producers, including Daimler-Benz. Such sales now amount to more than DM 200m a year and are gy-DM 200m a year and are ex-pected to double in a few years, making up about 10 per cent of the commercial vehicle division's total sales revenue.

Man also sets great store on its arrangement with Eaton of the US, resulting in joint work on the development com-

Man professes to be still interested in supplying vehicle parts to General Motors of the US for its Bedford subsidiary in the UK. But speculation in West Germany that GM might actually take over Man has ended.

Among its various operations abroad, Man has been building up the range of bus production in the US, but says it has no definite plans at this stage for truck production there. In two separate deals with the Chinese. separate deals with the Chinese, it has been meeting an order for 1,000 heavy trucks and has begun supplying kits for trucks to be assembled under licence. As with passenger cars, the trend towards more electronics and other advanced developments is increasing the technical sophistication of commercial vehicles. As one indication of this, Prof Breitschwerdt remarked some months ago that Daimler-Benz was laying out about 40 per cent of its DM 1.5bn a year development spending on comdevelopment spending on com-mercial vehicles.

The West German manufac-turers have also taken significant steps to reduce emissions from commercial vehicles ahead of any formal agreement being reached by European Community Ministers. While the industry and the Bonn government were often at loggerheads over plans for tighter emission controls on petrol-engined cars, there has been a much smoother co-operation on plans for commercial vehicle emission controls.



FIRST THE MIDI. THEN ASTRAMAX. NOW THE NEW RASCAL. WHAT ELSE HAS BEDFORD GOT UNDER WRAPS?

The highlight for many at last year's Birmingham Motor Show was the preview of the Bedford Midi.

Such was the enormous interest generated that when the Midi was launched in April of this year, sales have surpassed those of German and Japanese equivalents in each of the last seven months.

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Buoyant market *

Output up 13 per cent as exports surge ahead

Japan IAN ROBERTSON

FOR THE first time ever. annual production of medium and heavy trucks in Japan looks Output to September 1985 was up by 13 per cent. This has prompted speculation that the year end total could now exceed 1.1m units — all the more remarkable when viewed against the backdrop of falling demand on Japan's domestic market.

After four constructive years of decline, sales of medium/ heavy trucks in Japan showed a modest recovery to 121,000 sales in 1984. The improvement was most marked for heavy duty rigid trucks (9-10 tons capacity

and over).
Fuelled by a cyclical peak in replacement demand, sales in this category climbed 15 per cent to almost 40,000 units. The beginnings of a recovery in construction activity — the rise in housing starts has been main-tained through 1985 — assisted the revival in Japan's long-distance freight transport in-

the recovery in demand has already run out of steam, most notably at the heavier end of

At the same time, increased competition among Japan's heavy truck suppliers — basi-cally Hino, Nissan Diesel, Mitsubishi and Isuzu — is beginning to eat into margins. And for 1986. a further downturn trucks.) in demand, of about 4 per cent, is in prospect according to the EIU quarterly, Japanese Motor

Aggressive sales by the market leader. Hino, have concentrated on the heavy Super Dolphin and medium Kaze no Ranger models. The company maintains a 30 per cent market maintains a 30 per cent market stronger in the medium sector, share overall, but Isuzu, is closing the gap. Buoyant sales of Isuzu's new

N-series have allowed the com-pany to overtake Hino in this pany to overtake Mino in this year's three-four tons capacity range. Mitsubishi has benefited from the first major remodelling of its line in eight years. This brought new medium FK and heavy FM Fuso trucks to market last year. Broadly, new medium for the state of the property of the p dustry.

Some relaxation in the governments' fiscal austerity programme is continuing to bring increased spending on capital works but there has been with Isuzu.)

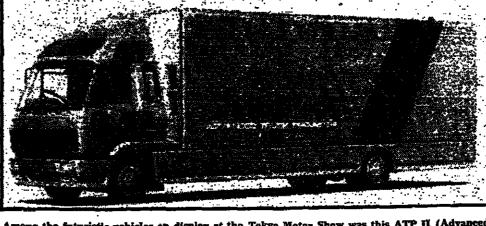
Hast year. Broadly, new model connect trunks in Japan occur about every seven to cight years. (Nissan Diesel import undertook a major model revamp about six years ago, along ment Harves

marked rationalisation by the In contrast to this picture of country's freight hauliers. Many static home demand, Japan's single truck operators have gone truck exports are surging shipments are up by one third.
A dramatic rise in exports to China is now easing off as the country moves to protect its dwindling reserves of foreign exchange. (A Mitsubishi contract caused embarrassment in China recently when cracks were discovered in the chassis of a delivery of eight-ton

High tariffs

Elsewhere in south-east Asia, sales to Thailand and Malaysia remain depressed, while exports to Saudi Arabia, Iraq and the other countries of the Middle East have fallen back considerably.
Compared with 25 per cent

of car exports, Europe accounts for only 6 per cent of Japan's medium/heavy truck exports—most of these to non-EEC countries. A combination of high tariffs, intense competition within Europe and cab and engine configurations not best-suited for European operators



Among the futuristic vehicles on display at the Tokyo Motor Show was this ATP II (Advanced Truck Project II) by Nissan Diesel which features a super engine cooling system and automated mechanical transmission among other advanced technologies

company with up to 3,000 tion of medium bus chassis have been set at 4,000 to 5,000 "cab-over" trucks per year, begins next spring. The dealer a year. An agreement with First shipments are scheduled network is being built up to 250 Chrysler has allocated distribufor early next year, and there are plans to transfer manufacturing technology as well. tion of Previously Nissan Dieesl had trucks.

established a base in Dallas, Texas, to begin the independent distribution of five-seven ton trucks and medium trailer trucks. First sales began in

by the end of this year and there are plans for US produc-tion of class three delivery

Plans to market an Isuzu heavy duty truck are also under consideration—but not before 1987. GM has just raised its stake in Isuzu, clearing the way medium/heavy truck exports—
most of these to non-EEC
countries. A combination of
high tariffs, intense competition
within Europe and cab and
engine configurations not bestsuited for European operators
have limited penetration so far.
Shipments to the US, however, are expected to approach
600,00 Otrucks this year—over
one half of Japan's exports.
Nissan Diesel achieved an
important breakthrough recently when it signed an agreement with International
Harvester to supply the US

medium/heavy truck exports—
trucks. First sales began in stake in Isuzu, clearing the way
for increased supply of
Japanese trucks to GM affiliates
throughout the world. Already
the joint Convesco marketing
operation is examining type
of the US truck market. Supple
menting these ties, in Europe
most of these to non-EEC
trucks. First sales began in
August, and the target for 1985
Isable in Isuzu, clearing the way
of the US truck market. Supple
menting these ties, in Europe
most of the us truck in Isuzu, clearing the way
for increased supply of
Japanese trucks to GM affiliates
expected to reach 1,500-2,000
throughout the world. Already
mits. Including the IH contracts, Nissan Diesel's US sales
as expected to reach 5,000
are shortly set to reach 5,000
are shortly recks in Isuzu, clearing the way
in clearing the way in CM
all all alies
completed to world. Already
the joint Convesco marketing
operation is examining type
are shortly recks to Europe.
This autumn, Mitsubishi beare shortly recks to Europe.
This autumn, Mitsubishi bebeing trucks in the usy in the

tion rights for Isuzu trucks in the three-eight ton GVW sector to the US company.

The terms of this agreement may be renegotiated but it is more likely that Mitsubishi will concentrate on the heavier end of the US truck market. Supplementing these ties, in Europe Mitsubishi is involved in collaboration with Daimler-

Subsidiary

south-east of US through a sub-

The Hino-owned company is

looking for slow, deliberate ex-pansion of sales territory and

model lines, and wants to feel

its way carefully to see just what the market demands.

companies between them save

more than 20 dealers and ex-

pect to sell about 1,000 trucks

They will build a dealer net-

work to cover all the States and

to be selling 5,000 trucks a year by 1990. That compares with

The two Hino distribution

the result, says the Japanese company, of a ten-year ex-change of information between

Hino also offers as an option Eaton two-speed rear axles. For its US venture Hino has inked with Mitsui, the major Japanese trading house which also has long been associated with Toyota. Together they have set up an importand distribution organisation Orangeburg, New York. However, the first Hino trucks went on sale in the

sidiary of an independent dis-tributor, Lisa Enterprises of Deerfield, Florida.

The economics of manufac-turing these days is running in the other direction, towards buying in more parts from suppliers, who then have to find the cash to carry the

UK truck market will not end there. Mitsubishi, which last year produced 547,320 commer-cial vehicles and uses the Fuso

but some doubts build what it calls the most up to-date plant in the US. The third quarter levelling

The United States TERRY DODSWORTH

THE US heavy truck manu facturers have shared in the general wellbeing of the entire automobile industry this year. Sales have moved marginally ahead of the 1984 level, production has been strong, and few individual manufacturers have had reason to complain.

Next year is also expected to be relatively healthy, although analysis are divided on whether the slowdown of the economy that has occurred in 1985 will lead to some moderation in shipments.

Doubts about the durability Doubts about the durability of the industry's present good health hinge on questions of the overall economy and the replacement cycle for trucks. Many economists are expecting a moderate pick-up in US growth next year, and others believe that the pent-up replacement demand for heavy trucks remains excep-tionally strong—the average age of trucks in service now amounts to about seven years, compared to a normal three

to four years.

Some in the industry believe, however, that a steady moderation in sales in the third quarter foreshadows more difficult ties as customers tighten their belts in resumes to feats of belts in response to fears of a recession. International Harvester, for example, said in its recent third-quarter earnings report that it expected its unit sales to show a moderate decline in

Even in the buoyant market experienced this year, one manufacturer, Mack Trucks, has been faced with an uphill struggle. The Pennsylvaniabased company, known 28 one of the premier truck producers in the US, and controlled by Renault of France, revealed the extent of its problems in the third quarter. It declared a loss of \$65m and It declared a loss of \$65m and announced a \$63m provision to cover the cost of closing its present production plant at Allentown and building a new

one from scratch. Mack's troubles appear to he related to the factor that was always regarded as its strength in the past: the vertical integration of production that gives the group control over virtually all the components in the final product, and which thus ensures its quality.

inventories, and who often have lower costs than the final

At the same time. Mack's current assembly plant is out-dated and inefficient, with the result that the quality of its vehicles has been ensured at the expense of making it off in sales experienced by the whole of the US industry came after the strong first half, which followed on from where the industry left off last year, Indeed, even at the end of eight months, registrations remained well about of 1984, with the large trucks in the class 7 and 8 categories generating unit sales of 142,340 against 122,580 last

Among the leading producers, Mack was the blagest ducers, mark was the gainer in this period, with a 2 per cent rise, although in the third quarter its deliveries declined significantly. International Harvester, the

International Harvester, the leading US producer, lost market share a little, falling to 21.5 per cent from 22.9 per cent in the same period of last year, while Ford produced a strong performance to push up its share to 21.18 per cent from 26.63 per cent.

Surge

Ford's surge this year was one of the most notable features of the industry, carrying its total sales, at 30,143 for the first eight months, very close to the International Harvester International Harvester figure of 30,590. An aggressive new model policy is part of the reason for the improved performance as Ford, which is currently planning to introduce its Cargo cab from Europe in its medium to heavyweight range.

The recovery in the market has also seen foreign manufacturers begin to consolidate their US base. So far, the US truck industry has not crumb'ed under the assault of many imports to the extent of many other established manufacturing sectors in the US.

But Mercedes-Benz, example, has more than doubled the sales of products under its own name plate this year, to 1,250 vehicles from 525, while Volvo's registrations are up to 1,540 from 1,205 last year, and its White subsidiary to 5,635 from 4,245. The Japanese are also beginning to settle in for the long haul: Nissan Diesel has recently been advertising its nationwide distribution act-

While the importers are beginning to shows signs of permancy, however, they may we'll have to face a new competitive drive from Inter-national Harvester in the near future, as the company recovers from its closeness to bankruptcy. IH, the largest big truck producer in the country, is now shorn of its lossmaking farm equipment division, leaving it to concentrate on trucks alone.

The company remains in a difficult financial position, but the balance sheet and renew long-term commitments from leadership of the large truck

Swift moves to find the profitable niches

Japanese makers

in the US KENNETH GOODING

JAPANESE TRUCK producers are moving swiftly into the US market by searching out niches that the domestic manufacturers say would be too expensive to supply with American vehicles. Significantly, the Japanese are being aided and abetted in this process by the

For example, Nissan Diesel recently signed an agreement a year in the US using the UD to supply a new generation of (for "ultimate dependability") medium weight trucks to Inter- badge. national Harvester. These IH entered into a similar vehicles will use the IH name- arangement for the supply of

plate and go on sale through medium-weight trucks (with the Dast year or so been selling all the US group's 850 dealers. What for the States is limited some of the Japanese company's export 3,000 fully built-up with Iveco, the Flat-owned trucks a year to IH but the US group which is Europe's second-dealer networks. company says that demand for vehicles of this type—with cabs over the engine and diesel power units—is not large enough to warrant tooling up for local production.

On the other hand, those 3,000 trucks represent the equivalent of 8 per cent of Nissan Diesel's total 1984 output of 37,435

The Japanese group also plans to sell, through its own distribution company based in Irving, Texas, a further 2,000 trucks

largest heavy vehicle producer. That deal was terminated because of IH's severe financial difficulties which took it to the

edge of bankruptcy. Iveco decided to go it alone in the States instead and expects to sell about 4,000 light trucks there in 1985.

Another Japanese group getring a leg-up from a domestic producer in the US is Isuzu, which makes a broader range of commercial vehicles than Nissan Diesel and produced 343,720 last year. General Motors, the world's

largest automotive group and which has a near-40 per cent

shareholding in Isuzu, has for

In the first year, when two versions of a Class 7, forward-control model was being sold by GM as the GMC Forward and the Chevrolet Tiltmaster, some 1,065 were registered. GM expects sales of that model to be about 2,000 this year.

This autumn GM found more niches in its product line-up and has introduced a third version of the Class 7 Isuzu truck and also a Class 3 (11,000

lb gross weight) vehicle.

The supply agreement between Isuzu and GM lasts initially to 1990 but does not exclude Isuzu selling the same vehicles through its own distri-bution organisation in the US.

Isuzu started selling Class 3 have optional Cummins engines. lightweight trucks through its own company, based in South El Monte, California, last September. Its aim was to sign more than 250 dealers in 20 the two groups. states by the end of 1985 and to import 5,000 of its new Class NPR turbocharged diesel trucks this year after getting the ball rolling in the States with the old KS Class 3 models. The company says it simply

has no competition outside GM's versions of the same vehicles because no one else offers diesel-engined Class 3 vehicles in the U.S. and in any event the class is a very small one in terms of annual sales. Somewhat ironically, GM says

it is using the Isozu imports to fill out gaps in its range partly because it believes that Hino, the major Japanese heavy truck producer and a group closely linked with Toyota, will aggres-sively attack the Class 7 diesel sector in the States.

Hino has been selling medium trucks in the US since January last year and says it intends eventually to offer a broad range of vehicles, from Class 3 to Class 8. At first, however, it expects to benefit from a relatively rapid growth in the use of diesel engines in the lightweight Class 3 to Class 5 sec-tors currently dominated by

petrol-engined vehicles. It has surprised the US inby departing already the usual Japanese approach—offering vehicles only with its own driveline (engine, gearbox, axles). Class name on its trucks, int 6 and 7 Hings in the States can enter the fray in 1986.

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virtually identical specifications to the Cummins 14 litre NTE 290.

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Currently over 65 per cent of British built heavy-duty tractors are powered by Cummins engines. In fact twenty per cent of all 29 tonnes-plus trucks registered in the UK so far this year were Cummins powered.

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On this and the next two pages Kenneth Gooding examines the fortunes and progress of Europe's leading companies.

Battle for productivity

cluding OM and Lancia in that country and Unic in France — with those of Magirus Deutz in West Germany.

And Iveco has continued to be interested in co-operative ventures ever since. During the past three years it has been involved in a joint project with Rockwell, the US group, to produce a range of heavy truck axles at a new heavily-automated factory in southern Italy.

More recently it has been engaged in serious discussions with Ford of Europe's truck business about possible cooperation in the components area, talks which are still going

In the early years the new group, which was registered in that 20 per cent minority neutral Amsterdam (which also offers tax benefits) concentrated by the concentration of the content of

5.20.7_{1.}

and standing

700 (m

IVECO. Western Europe's second largest heavy trucks group, celebrates its tenth anniversary this year — and what a turbulent ten years it has been.

The company brought together the commercial vehicle interests of Fiat of Italy — including OM and Lancia in that country and Unic in France — tion and eliminating duplication of facilities.

By the time Iveco was ready to take advantage of the improved production base, economies of scale and the steady stream of new products which began to emerge, world truck demand collapsed.

Further tribulations were with Leyland in the UK and approached International Harvester to buy its British subsidiary, Seddon Atkinson, but eventually decided to build up its position in Britain via its own sales company. Iveco's "go for growth" demand collapsed.

Further tribulations were

lveco

caused by Deutz's decision to take advantage of a clause in the original deal allowing it to pull out after five years. Deutz said it wished to concentrate on selling its diesel engines to a wide range of customers and its

close relationship with Iveco
was standing in the way.
After some acrimonious negotiations, Deutz sold its 20 per
cent shareholding in Iveco to
Fiat which said then, as it continues to repeat today that it tinues to repeat today, that it would prefer to find a buyer for

trated on rationalising produc- days Iveco had merger talks

director Mr Giorgio Manina, ended in May 1984 when the group finally accepted that it could no longer expect to boost substantially its share of world truck markets and European markets—in particular because competition was too severe and there was so much excess

capacity.
Mr Giorgio Garuzzo took over as managing director to try a new tack. He has been cutting costs in all areas to bring down

costs in all areas to bring down the level of output at which level of output at which level can break even.

He says: "We have improved every line in the balance sheet. We have improved margins by reducing discounts in many markets. We have reduced production costs by increased efficiency and with the help of vendors. We have reduced overheads with the help of plant closures."

the company produced about 98,000 vehicles (the same as expected in 1985) but had some 52,000 employees compared

with 35,600 today.

Two-thirds of Iveco's production costs are accounted for by materials and components

f plant closures."

The ball the help more will be used to build modules (sub-assembles) away from the main assembly lines—

Discussions which for some months looked virtually certain to result in General Motors, the world's largest automotive group, taking control of Enasa, ended inconclusively.

in Mainz, West Germany, with most supplies can benefit from the loss of 1,400 jobs and a intensive automation.

medium truck factory at According to Mr Garuzzo, Trappes in France where 1,250 Iveco's break-even level of comredundancies were involved.
As a rough and ready guide
to increased productivity, Mr
Garuzzo points out that in 1975 mercial vehicle output has been reduced from 120,000 five years ago to 90,000. He forecasts that production

this year will be between 96,000 and 98,000. equal to expected deliveries because stocks have been reduced to a employees compared minimum. Output and de-liveries should remain at about this level in 1986, he adds.

tion costs are accounted for by materials and components bought from outside suppliers in Italy, France, West Germany, and the UK. Iveco has been working with suppliers on efficiency targets.

Mr Garuzzo suggests that whereas Iveco has only a limited opportunity to employ automation at its factories—although more will the used to build modules (sub-assembles) away from the main assembly lines—

this level in 1986, he adds.

Iveco last made a net profit in 1982—some F1 16.4m (55.6m) down from F1 56.2m the previous year. In 1983 the loss was F1 232.6m and last year worsened to F1 395m.

But Mr Garuzzo believes that Iveco can return to profit in 1982—some F1 16.4m (55.6m) down from F1 56.2m the previous year. In 1983 the loss was F1 232.6m and last year worsened to F1 395m.

But Mr Garuzzo believes that Iveco has been working with suppliers on efficiency targets.

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But Mr Garuzzo believes that were as in the black half-ton at its factories—although more will be used to build modules (sub-assembles) away from the main assembly lines— Enasa now finds itself in a position where GM might still come back for more talks in the future and the Spanish Government might even consider a scheme put up by Toyots, the biggest Japanese

automotive group. Toyota, like GM, has taken a very close look at Enasa and all its operations and says it would like to form an associa-

GM, which owns Bedford in

the UK where Enasa also has a subsidiary—Seddon Atkinso

-said it was not ready to move to the next stage of the negotiations: talks about terms for taking a shareholding in the Spanish company.

Caution on partnerships

2 while with IH. clearly would prefer an American partner and is not particularly keen on the drawn-out process which the ultra-cautious Japanese

essure to rush into a deal for its heavy truck business. But

Enasa

This is not the first time that the Spanish Government's plans to sell its truck business have foundered. International

operations are concerned.

It badly needs a replacement for its ageing J4 van, particularly because the tariff barriers duction of cab components but do their own final assembly and have foundered. International Harvester of the US actually moved in with a new management team at one stage, only to withdraw shortly afterwards because IH ran into severe financial difficulties and decided to pull out of truck production everywhere but North duction everywhere but North

larly because the tariff barriers which have protected the Spanish producers are due to be dismantled gradually after the country joins the European Community in January.

There seems little doubt that the J4 will be replaced by a Japanese-designed vehicle. GM has offered one from Isuzu, its Japanese associate, and both Tovota and Nissan would be willing to provide a licensing deal or joint venture in which some Spanish components would be incorporated in the Enasa versions of their vans.

On the heavy truck side, Enasa has the benefit of the investigations made with GM

Easier

THE UNCERTAINTY which tion—but in a gradual way, and Toyota and it knows what has plagued Enasa, the state-owned Pegaso truck group of Spain, in recent years has flared having worked successfully for on which Enasa was working with GM suggested that the

workforce, already cut from 12,500 in 1978-79 to 8,500, should be cut by a further 1,600 by an extension of the costly ompany proposes.

Enasa is under no particular redundancy programme. Enasa last year concluded

joint venture with Dat of Hol-land to develop and produce a heavy truck (20 tonnes to 40 tonnes) cab. Dat had done most of the development work most of the development work and the total cost to be shared is about FI 140m (£34m). So the cab, which will also be suitable for use by Seddon Atkinson in the UK, should be operations are concerned.

It badly needs a replacement early 1990s.

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Fast moves to secure markets

DAIMLER-BENZ, the Mercedes with our worldwide objectives," group, has carefully cultivated a reputation for being ultracautious and conservative. But in the past year the West Gerin 1979 and has been producing man group has shown that, when necessary, it can throw off the mask and present a highly-aggressive and opportunistic side of its personality.

Two deals in particular have created tremendous interest:

the acquisition of a majority shareholding in Dornier, the West German aerospace com-pany, and the bid for control of AEG, a cash-poor company with a rich store of advanced tech-

These purchases gave D-B access to advanced new materials and technologies which might have been too which might have been too
expensive to develop for cars
and trucks alone. Dr Gerhard
Liener, the board member responsible for D-B's overseas subsidiaries and affiliated companies, explains: "We must
think of our sons"—an oblique
way of suggesting that the longterm health and development of
the group was at stake.

FAMSA has entered into a
know-how agreement with
Freightliner, D-B's heavy truck
subsidiary in the States, to produce the US company's trucks
and will also build medium-duty
Mercedes vehicles of the type
made by D-B in Brazil—rather
old-fashioned trucks suitable for
developing countries rather

Daimler-Benz

Somewhat overshadowed by the two "high-tech" deals was one which was of equal importance to D-B's long-term strategy
—acquisition of a 49 per cent
stake in FAMSA (Fabrica De Autotransportes Mexicana) in

This purchase, which brought with it technical management of FAMSA, showed D-B's deter-

of FAMSA, showed D-B's determination not to lose its position as the world's number one producer of heavy trucks (over 6 tonnes gross weight).

In pursuit of that objective the group attempts to leave no single market untapped and to set up local production when the population of a country is large enough to justify the investment.

large enough to justify the investment.

For many years D-B has been attempting to find a way into Mexico. Mr Hans-Jurgen Hinrichs, the sales director, admits: "That white spot on the map annoyed us."

The chance to place the D-B flag in that "white spot" came because the Mexican Government decreed that from November this year no truck over 9 tonnes gross weight could be sold in Mexico unless it is powered by a diesel engine.

This sparked off a re-alignment among the heavy truck producers in Mexico: DINA (Diesel Nacional), a state-owned group, and FAMSA, the only private enterprise company authorised by the Mexican Government to produce diesel engines.

engines.
Up to now both companies have been offering engines sourced from the US, from International Harvester and Cummins. General Motors,

International Harvester and Cummins. General Motors, Ford and Chrysler also produce heavy trucks in Mexico but used petrol engines.

GM, the world's largest automotive group, which today is showing as much aggression as D-B in its search for a bigger share of the truck business outside North America, rudely interrupted discussions between interrupted discussions between

DINA and D-B.
And the US group snatched
DINA from D-B's grasp, clinching the deal to buy 49 per cent of the Mexican company by promising the government it would make sure that DINA exported products worth at least

medium - sized commercial vehicles and agricultural tractors under an agreement with International Harvester at a plant near Mexico City.

Ford, Chrysler and IH all competed with D-B for FAMSA as it was their last chance to stay in the market. D-B emerged victorious but does not reveal

D-B will now change FAMSA's truck, bus and engine products over the next three years, aiming to build towards an 80 to 90 per cent Mexican content in three to five years.

developing countries rather than sophisticated industrialised markets.

The Mexican company's truck output is forecast to rise from an annual 2,400 to 10,000 by 1990, a useful addition to D-B's worldwide production.

To put this in context, D-B expects to produce more than 140,000 commercial vehicles in its West German factories in its West German factories in 1985, roughly in line with last year's 143,100, and about 27,000 vehicle kits (18,000 last year) for assembly abroad. Production at D-B's factories outside Germany should reach 65,000 (up from 62,300 last year) so that in total, sales and production of commercial vehicles this year should increase slightly from the 210,930 for 1984.

Freightliner's chief executive, Mr Peter Rupp, has joined the FAMSA board, a clear hint that close links will develop between the Mexican and the US companies in the not too distant future.

D-B bought Freightliner from Consolidated Freightways in 1981 at a time when the unparalleled slump in truck demand in the US had weakened the domestic industry and encouraged those groups not totally committed to quit. (White Truck and Mack also went into European hands at went into European hands at about this time).

The German group had done its homework well and pounced on Freightliner in opportunistic style, paying \$260m to gain a solid footing in the world's largest heavy truck market.

Mr Hinrichs suggests that D-B's polley of "trying to be everywhere in the world, even when the prospects in the short term don't appear to be too great," will continue to pay dividends of the type the group collected when its patience and persistence in the Middle East was rewarded in the startling truck sales boom after the mid-1970s oil price rises. 1970s oil price rises.

There are still some gaps in D-B's world coverage but it is talking seriously to the Chinese alking seriously to the Chinese about truck sales and assembly and seriously contemplating putting its trucks on the Japanese market.

In spite of all the cash it has spent, D-B remains a very rich company. Capital spending on its car and truck operations is slowing down in real terms beexported products worth at least \$500m a year.

In spite of this setback, D-B been introduced and the redid not walk away—"that would not have been commensurate lities is completed.

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THE MAESTRO VAN. NOW WE'RE MOTOR

Cost-cutting turnround brings a profit

THE WEST GERMAN establish- engines are too large for that. in the past 10 years - after this year to make certain that there was no question of MAN Iraq. MAN, second largest of the needing the cash from the sale country's heavy truck producers, of MTU to cover its losses. 27,000 vehicles in 1981 and last remained out of the clutches of Losses had already been financial year it delivered General Motors, the world's big- covered by reserves. So the 20,905, including 15,330 trucks gest vehicle producer which has been very actively seeking for the mercial vehicle interests out- programme. side the US.

MAN was vulnerable because it plunged into losses - DM MAN board, which remains 4/ m (\$183m) in the two finan-cial years to June 1984—after an order for 2,000 trucks for the Middle East was completed but then cancelled. This caused the company and its parent group GHH (Gutehoffnungshutte) West Germany's biggest engineering company, to take stock.

The advances of GM, which owns Bedford in Britain, must many's heavy truck market, a have been enticing, but MAN useful starting point for any

MAN

set about solving its problems, cutting costs to reduce the break-even level of output to match expected demand.

By the middle of 1984 the

rationalisation had involved a 25 per cent or 6,000 reduction in the workforce, to 17,500.

MAN made a profit of DM 407.5m (\$155m) in the year which ended on June 30, made up of a marginal operating profit of DM 32.5m and exceptional gains of DM 375m from the sales of its 50 per cent shareholding in MTU (Motorenund Turbinen-Union). MAN celebrated its return to some-thing like financial health by declaring a DM 2 dividend per share for the year.

According to Dr Gunter Dietz, head of worldwide sales. MAN will be profitable in the current financial year.

As the financial results show, it was MAN's major rival in West Germany, Daimler-Benz, which came up with a sugges-tion to boost MAN's finances. D-B offered to buy MAN's halfshare in MTU, a company they jointly owned. MTU produces

iuge diesel engines. Dr Dietz says that MAN had been considering the sale of its MTU interest for some years because there had been no transfer of technology between MTU money will be employed of over 9.6 tonnes gross weight,

All this helped convince GHH that it should support the resolutely against the sale of the commercial vehicle busi-

And that suits D-B very well. West Germany's largest truck producer had helped prevent GM, an unwelcome intruder. making its way into its domestic market. MAN accounts for about 10 per cent of West Geruseful starting point for any one of D-B's competitors want-ing to erode the group's dominant position and market share of well over 50 per cent.

Equally important from D-B's point of view, the acquisition of MAN's truck operations or some kind of co-operative venture, would have provided GM with a substantial base upon which to build a very aggres-sive European business.

Disposal of the truck division would have dramatically changed MAN's character because the commercial vehicle operations accounted for more than half the group turnoverend of June 1984.

Instead, GHH is now talking about a full merger with MAN, in which it currently owns 75 per cent, to create a betterintegrated group based in Munich. The merger plan is due to be considered at the MAN annual meeting in February.

recovery is progressing according to plan. In some important areas it has gone considerably further than envisaged by the plans, for example, in the reorganisation of the whole of the model programme."

He acknowledges that MAN rather than become involved in will then be closed. a joint venture.

the two companies - MTU been below that level only once

ment banded together earlier Dr Dietz also stresses that the collapse of the deal with

'MAN's peak output so far was future model 3,300 of the medium-weight vehicles made jointly with Volkswagen, and 2,275 huses.

This compares with the 19,030 vehicles delivered in the 1983-84 financial year. MAN expects to deliver 24,000 vehicles in the current year, another 15 per cent increase

Truck capacity is now about 27,000 on two shifts and MAN can also produce a maximum of about 1,600 buses annually.
Dr Dietz says: "We will be satisfied to keep production at about 20,000 units a year.
Western Europe, including
West Germany, is becoming
more and more like a domestic market for us. In the medium and long-term we want to sell 80 per cent of our production there."

However, Arab markets such as Saudi Arabia, Oman, Jordan and Kuwait, will continue to "MAN will have an appropriate share of the opportunities China has to offer."

MAN already has signed a deal with China Industry Corpora-tion to supply heavy, three-axle trucks for final assembly in China. CIC will instal capacity DM 16.6bn in the year to the for the assembly of 5,000 trucks a year and hopes to reach that level of output in only two years. The 22-30 tonne trucks will be used off-road for gas and oli exploration work.

MAN's rationalisation has seen production of heavy trucks to be considered at the MAN now largely concentrated at the annual meeting in February.

Dr Dietz maintains: "Our purpose vehicles and buses recovery is progressing accordwith the MAN-VW models. Medium weight trucks can be assembled either in Munich or Salzgitter,

By the end of 1986 the Salz-gitter plant will take over the work of the Braunschweig plant, that is the production of crankwill need a new heavy truck that is the production of crank-cab before long but insists shafts, front axles and older it will be worth while for the spare parts as well as recon-company to develop its own ditioning engines. Braunschweig

Engine development and proassembly plants.



Sixty Leyland trucks for relief work in Sudan are checked at Southampton Docks by Hugh Mackay (left) of the Save the Children Fund and Geoff Jackson, Leyland Trucks' North Africa director

uropean truck demand				1986	1937	1990	. 19
	1980	198\$	1985		-		
roduction				-04 1	122.1	2.761	147
TOTAL .	180.9	118.1	126.3	126.1	34.8	37.7	3
Germany	61.3	40.3	29.3	32.3	56.2	58.9	3-
France	106.5	50 4	56.3	57.6	17.7	50.8	5
UK		39.4	48.0	48.0		20.6	2
Italy	42.2		17.2	1G. I	17.7	63.9	6
Spain	22.7	16.0	50.4	58.6	,,9.9	13.8	1
Spain	55.1	55.0		12.9	12.8		39
Netherlands	15.9	12.4	12.4	351.6	351.2	382.6	33
	484.5	331.5	0.845	331.0			
TOTAL							7
emand				58.5	52.2	67.5	
Germany	78.5	53.7	53.7		41.2	43.6	4
	43.7	41.7	35.7	38.6	56.9	38.3	S
France	61.3	52.8	53.0	58.7	23.6	24.2	4
UK	28.8	21.2	23.6	24.2		18.7	2
Italy	19.0	14.3	13.5	15,0	16.6	6.6	
Spain		5.4	6.1	6.1	6.0	12.L	1
Sweden	7.5		11.8	11.1	11.l		•
Netherlands	13.8	10.7		7,2	7.5	7.3	
Belgium	9.2	6.4	7.4	3.2	3. L	3.4	
Switzerland	3.8	2.8	3.0	3. <u>~</u>	5.0	3.1	
Austria		.4 =	47		5.4	5.5	
Denmark	4.1	4.2	5.1	5.3	228.6	252.3	26
TOTAL	275.4	217.7	219.5	232.7_		Juice Dril	1000

Talks with GM amid mixed fortunes

THE HARD battle for survival Spurrier cuts, but the loss of a talking to General Motors, big-gest automotive group in the world and the one which owns -Bedford in the UK.

The industry seems con-nced that the discussions might lead to a merger. Neither of the interested par-

ties is giving any public hints about the topic of the negotia-tions which could turn out to be much less exciting, such as Bedford buying heavy truck cabs from Leyland, for example. Meanwhile, as the outcome of talks is awaited—an announce-ment could be made in the New Year — Leyland's fortunes con-tinue to be mixed. But, according to Mr Les Wharton, the managing director, the company remains on target to return to profitability by 1987.

Leyland recently has had to announce yet another round of

iob losses, comparatively minor by past standards but involving 125 voluntary redundancies and early retirements at the Spurrier engine plant at Ley-land in Lancashire where the mainstream power units, the TLK11 and 400-series, are pro-

In contrast, almost simultaneously, Leyland revealed that it is to go ahead with a f9m modernisation programme for the Albion axle plant at Scotstoun, Glasgow.

The latest job cuts are timed to coincide with the closure next March of the former export Dr Dietz maintains that duction will remain at Nurem truck plant at Bathgate in Scot- about 40 per cent of total fac- MAN's break-even point is how berg while in Penzberg MAN land, in March — a closure tory floor space and improved, down to 16,000 vehicles a year will continue to produce com- announced two years ago. flexible working practices will and points out that output has ponents and platforms for the Leyland blamed lower than almost double Albion's current

by Leyland Trucks, Britain's major customer for engines—
state-owned vehicles company, the Marshalls tractor company
has taken a recent unexpected of Gainsborough which called turn. Its parent, BL has been in a receiver in October—must have played some part in the

decision.

At one stage Marshalls was actually negotiating to take over part of the Bathgate facility and save some jobs by producing engines there.

By next spring Leyland ford, where eight-wheelers, Trucks will have cut its work force by half in four years, from more than 12,000 in 1982 to for the UK and export markets are made, and the Leyland trive towards profitability spearheaded by Mr Wharton, an accountant who took over as

accountant who took over as managing director of Leyland Trucks in May 1983 with instructions to bring it back to

profit or close it down.

There has been enough progress for Leyland to continue with the Albion expansion project first mooted in 1981 when BL's commercial vehicle commercial organisation was radically re-shaped and when most of the redundancies were announced.

In the so-called plan" Albion was to become the axles production centre for Leyland Trucks. Since then, Mr Wharton says, Albion has shown by continued improve-ments in efficiency that it is capable of maintaining that role against fierce competition from other axle manufacturers whose prices and levels of quality and performance have been used as a benchmark.
The introduction of auto-

mated equipment, closure of about 40 per cent of total fachoped for export orders for the capacity of 30,000 axles a year. Leyland

Leyland hopes Albion will be able to sell some of the output to other truck assemblers. When Bathgate closes, Leyland will have truck assembly split between Scammel at Wat-

LAP, which cost £32m, was opened in 1980 to build only the top of the range Roadtrain models, launched the following year as the first vehicles in Leyland's product renewal pro-gramme. Over the subsequent years, however, closures and rationalisation have brought all

Scammel models, to the Lanca-

governments, is the Roadrunner which competes in the high-volume, 7.5-tonne sector of the runner to help it regain the and the profitable spare parts heavy truck market leadership in the UK it lost to Food in in the UK it lost to Ford in 1977. And Mr Wharton says it will "set the seal on Leyland's return to viability." Progress

has not been as fast as some Leyland executives had hoped,

pany's registrations of trucks over 3.5m tonnes gross weight in its domestic market improve by nearly 8 per cent, from 6.650, in the first 10 months of 1984

shire plant creating in the than the process a modern, flexible, sector. than the overall growth in the

Leyland's share of the heavy The latest model to go into production there, following an investment programme which absorbed about £320m of the £20n pumped into BL by UK programments is the Boodsware.

On the profits front, the truck operations are included in the results of Leyland Vehicles which also takes in the ex-

BL gives only Leyland's results before tax and interest which are not particularly illuminating. However, the company seems to be heading in the right direction.

Leyland Vehicles suffered a By the end of October the loss before interest and tax of Roadrunner, launched in Sept £61m in 1984, down from a loss ember 1984, had helped the com- of £70m the previous year. The improvement continued in the first half of 1985 when the operating loss was £23.5m compared with one of £33.7m in the same months last year.

Mr Wharton says the losses

the trucks, apart from the to 7,470.

Mr Wharton says the losses Scammel models, to the Lanca-But this was not much faster are still totally unacceptable. "but at least we are making

Jobs go to cut losses

RENAULT Vehicles Industricls, will be replaced by modern Mr Gras admits, because: "Each the commercial vehicle subsi- ones supplied from France." company is proud of its own diary of the state-owned French group, is concentrating most of its attention on dealing with its current, huge, losses, says Mr Philippe Gras, the chairman.

Of course, the company has a clearly-defined; medium-term strategy which involves close co-operation with Mack Truck-its associate in the US, as well as joint ventures with major components suppliers.

But, admits Mr Gras, when

the immediate problems are as company will maintain engine large as those facing RVI— development, cab production which suffered a loss of nearly and vehicle assembly operaties must be attended to before its longer-term plans have any credibility. pany's commercial director who

took over when the previous chairman, Mr Pierre Semerena

much money; and the company is making too many of its own

put our own house in order.
We cannot rely on any help
from the parent company.
Renault has enough financial
problems of its own." (The total Renault group suffered a record FFr 12.5bn loss in 1984.) To tackle the people problem, RVI has put into effect this year a voluntary redundancy and early retirement programme which should reduce its workforce by 2,500 by the end of the

locations.

Mr Gras admits that some small sites might be closed com-pletely but it would be im-practicable to contemplate closure of a major facility.

"We must not forget that we are a nationalised company and that we are often the bigger

that we are often the biggest employer in the areas in which our factories are located. In Limoges, for example, we are the only big industrial em-

they have been cut from £26m in 1981 to a pre-tax \$10.2m last year—and Mr Laurent Brisset, chairman of RTL still believes his company can pass the financial breakeven point within three years.

In Spain, RVTs negotiations with the local government reached a successful conclusion recently. The Spanish authorities will make a Pta 2bn subsidy to help put RVI's subsidiary there back on its feet. A rationalisation programme

can now go ahead, says Mr Gras. This will involve a cut of 500 in the 2,500 workforce, to produce a more productive company.

Some old-fashioned components
used by the Spanish subsidiary. such as cabs for heavy trucks.

In exchange, the Spanish com-pany will become the sole

The upshot of all this, says Mr Gras, is that the Spanish business should be profitable by the end of 1986.

-- Mr Gras suggests that RVI is too vertically-integrated at the moment making everything from forgings and castings to finished vehicles. In future the

Renault

chairman, Mr Pierre Semerena
was promoted with the Renault
group earlier this year, itemises
the list of problems:
RVI still has too many people
on the shopfloor and on its
staff; it has too many production sites; inventories are too
large; the subsidiaries in the
UK and Spain are losing too

components.

And he insists: "We must

year. What of 1986? There is no guarantee that no more jobs will have to go. RVTs policy does not involve the closure of complete factories but it wants to shut down the less-efficient opera-

tions within plants and transfer the work to more effective

ployer."
As for the subsidiaries outside France, Renault Truck Industries in the UK has been steadily reducing its losses—

supplier of some components to the whole RVI group.

tions, but everything else might be handed over to outside suppliers or be the subject of cooperative ventures.

"We cannot expect to do everything on our own," Mr Gras says. "We will develop co-operation with some big, reliable, financially-strong companies, those with technological leadership in their own particular areas. We are having many discussions along these lines at the previous year.

Mack sold 25.615 trucks in North America last year, up from 15.640 in 1983, including from RVI and imported from RVI and sold as the Mack Midliner. Sales of both Mack-produced trucks and imports from France will decline this year in line "We cannot expect to do everything on our own," Mr Gras says. "We will develop co-operation with some big, reliable, financially-strong com-

discussions along these lines at the moment."

The only talks admitted publicly, however, are those with the US group Rockwell. The two companies are engaged in a feasibility study which might lead to the joint development, manufacturing and marketing of some heavy duty truck transmissions worldwide. Mr Gras says the discussions, which started in June, are on schedule and will probably produce another announcement early next year.

Mr Gras says RVI is not actively searching for co-operative ventures with rival truck manufacturers — but would not turn down any interesting approaches. All RVI's future will decline this year in line with the fall in total demand in North America.

Mr Gras estimates that RVI's production this year will decline by about 5 per cent from last year's 27,900.

RVI reduced its loss in the first half of 1985 from FFr 1.2bn to FFr 800m and, without giving too much away. Mr Gras hints that the improvement has continued in the second half.

"We have improved the 1985 result by a wide margin compared with 1984 in spite of difficult conditions and price wars in the truck markets in France and Spain. We are like a ship going in the right direction. But 1986 will be accorded.

manufacturers — but would not turn down any interesting approaches. All RVTs future development work for engines, cabs and so on will be in close co-operation with Mack in which the French group now has a 42 per cent shareholding and the option to take control at any time.

company is proud of its own achievements. So we can only think in terms of major components for the future, not changing anything in the present ranges."

Mack recently announced rationalisation plans of its own. It will close its large manufacturing facility at Allentown, Pennsylvania and replace it with a state of the art plant to be completed by the middle of 1987

The move will reduce Mack's existing capacity at Allentown from about 100 trucks a day to The company believes it will be able to save \$80m a year before taxes with the new

facility. The restructuring plan led \$70m pre-tax provision in Mack's third-quarter accounts which therefore showed a net loss of \$64.5m compared with earnings of \$24m in the same period of 1984. In 1984 Mack showed a net profit of \$74.9m

a ship going in the right direc-tion. But 1986 will be more difficult than in 1985. Now we have done all the things that obviously needed to be done, the job becomes more difficult."

However, RVI still hopes to This process will take time, he insists.

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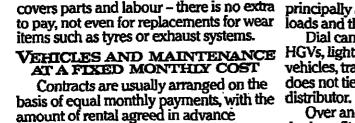
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Aiming to be among global producers

MR STEN LANGENIUS, president of Volvo Truck Corporation, forecasts that the heavy truck industry will become increasingly polarised.

"We are committed to this

There will, he says, be a few local assemblers specialising on a local market and also on specific sectors of a local market. "We see these assemblers in the US, the UK, Finland, to mention a few examples, and we will see the world contenders, the companies with strong international opera-tions, aggressively developing driveline components and truck

It is essential that Volvo remains among the "global" producers, he says.

"From being a European manufacturer in the 1970s, Volvo has changed to become an international truck manufac-turer. Our objective is to establish and strengthen our position on the world market.

"We will continue to be one of the viable international truck companies even in the 1990s. We will have engineering and We will have engineering manufacturing resources for trucks and components in many countries, coupled with a world-wide communications network wide communications network serving an efficient sales and service organisation in most very competitive situation in our industry," says Mr

"For us it is not just a question of being an international or national company, we need our coverage to remain competitude of the state of the stat

to remain an integrated manu- known in the US

Volvo's new FL7 Intercooler Tipper

)SS65*

The total included trucks produced by Volvo's subsidiary Volvo White in the US, which selis White and Autocar vehicles. Volvo acquired the assets of White in 1981 as part

"We are committed to this "We are committed to this philosophy for many reasons," Mr Langenius says.

"It enables us to match the performance of the engine with that of the gearbox and rear axle and gives us better control of overall quality and performance. It also enables us to support and service our customers in an efficient way, and it gives us access to a captive aftermarket."

This approach has stood Volvo

This approach has stood Volvo in good stead since the Swedish parent group set up a separate truck organisation in 1969.

Volvo

Volvo Truck even made a profit in the tough year of 1983— SKr 437m at the operating level

or national company, we need among worth manufacturers of our coverage to remain competitive. We have to look at the vehicles in 1984 of which 38,000 world as our home market."

This is because Volvo intends weight, or Class 8 as they are

The new ranges are being introduced simultaneously throughout Western Europe in the biggest launch programme Volvo has ever attempted. Mr Langenius points out that

of SKr 1bn.

of its drive towards becoming a global producer—it already had subsidiaries in Latin America and Australia.

Mr Langenius says Volvo's

Mr Langenius says Volvo's vehicle output this year will remain about 40,000 to 41,000 (against 40,800 in 1984) because of the major fall in demand in Middle East markets—total truck demand there has slumped from 70,000 in 1982 to only 15,000 to 17,000

Sales in the US will move up slightly to 11,000 to 12,000, however (10,800 last year) reflecting previous high order books. Incoming orders have fallen

As a result, Volvo Truck will do well to match the 1984 profit

But Volvo has new products which should enable it at least

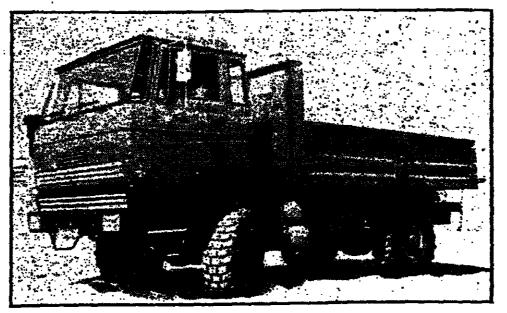
only 15,000 to 17,000.

the company must keep volume and share moving steadily in an upward direction if it is to cover development costs which are increasing strongly. The com-pany allocates about 10 per cent of annual sales which last year totalled SKr 87bn to pro-Volvo's future size depends

Volvo's future size depends on those product development demands, he points out. However, even spending at the rate of 10 per cent of annual sales, volvo could survive for some years with a vehicle output of about 42,500 a year.

Scamia decided to go it alone poor year it suffered in 1983. Last year the company sold ever, even spending at the rate no suitable partner could be 23,980 trucks and buses, an increase of 25 per cent on the 19,160 for 1983.

Deliveries increased to most work and "the companies using markets, mainly in western



One of 16 DAF FAV four-wheel-drive trucks for famine relief work in Mozambique, part of three orders for almost 200 DAF vehicles this year by the aid organisation World Vision

Building on US foothold

this year, suggests Mr Langenius—"but it won't be too bad." Next year will be even more difficult in view of expected lower demand. SCANIA, LIKE its Swedish rival Volvo, has come to the conclusion that it needs to have a solld footbold in the US, the world's largest heavy truck market to prosper as an integrated vehicle producer—one making its own driveline components such as engines, gear-boxes and axles.

The Scania trucks being sold and axles in the US are in Class 8, the heaviest truck class in that country, with gross weights of the middle East recovery was welcome because in the US are in Class 8, the heaviest truck class in that country, with gross weights of the middle East recovery was welcome because in the US are being built in Sweden and fitted out for the US market at a plant owned by Saab-Scania in Orange, Connection increased by Saab-Scania in Orange, Connection increased by the condition of the Middle East and Australia. The Middle East recovery was welcome because in 2,000 to 3,000 a year, fell to be 3,000 to 3,000 to 3,000 a year, fell to be 3,000 to 3,00 to keep its market share—it estimates it has roughly 9 per cent of the world market for heavy trucks excluding Comecon and China—and main-

However, whereas both Volvo and Daimier-Benz — Scania's other major competitor—were In September the commany overbaul of its truck range, including new cabs, engines and chassis frames developed over able to acquire subsantial exist-ing businesses in the US (White chassis frames developed over Motor and Freightliner respec-the past seven years at a cost tively) Scanla has had to build up operations from scratch.

In May Scania put its heavy trucks on sale in the US for the first time and series pro-duction of vehicles adapted for the American market is now under way in Sweden.

Mr Georg Karnsund, president of the parent group, Saab-Scania, says his company has had its eye on the US truck market for ten years. But it waited until it had introduced a new truck range, one result of Saab-Scania's SKr 10bn product investment programme over the past five years, before making

ticut, near Scania's bus assembly

In the initial stages of the launch only a limited selection of the full Scania range will be

Scania

imported to the US and sales will be concentrated in the north-eastern states.

The company knows it will take time to make its mark in a country where integrated trucks are the exception rather than the rule. It hopes to sell about 50 heavyweight trucks this year in the States, 170 in 1986 and 270 in 1987.

Meanwhile, Scania continues to recover from the relatively poor year it suffered in 1983. Last year the company sold

after depreciation increased by 38 per tent in 1984 to SKr 1.49bn against SKr 1.08bn in

Mr Karnsund says higher utilisation of capacity, continued rationalisation and increased earnings in the South American earnings in the south American subsidiaries contributed to this improvement. The company's return on capital improved from 18.5 per cent to 21.9 per

The favourable trend has continued so far this year and in the first eight months the value of sales of trucks and buses increased by 18 per cent to SKr 6.62bn, up from SKr 5.6bn. Vehicle deliveries improved the part of 700 at 15.025 in the from 14,700 to 15,925 in the

eight months.

Productivity at the Swedish plants has been improving because there are fewer parts in cause there are fewer parts in the new truck range, and new manufacturing technology has been introduced. Production times in the cab factory at Oskarshamn and at the chassis assembly plant at Sodertalje have been cut by between 25 and 30 per cent in the past two years.

A big upsurge of confidence

WEEKEAR FT ALA

pany returned to profitability Doorne in 1984 following the shock of The falling into the red the previous Bank

Daf made a net profit of Fl 9.74m (£2.3m) on sales of

is now in a stronger position when negotiating the joint ventures which it sees as so important to its future.

Mr van der Padt says his company is actively seeking more co-operative deals on a wide range of key components such as engines, axics and transmissions to gain the advantages of economies of available

But Daf insists on retaining its own identity and engineering capability. Preservation of jobs in the Netherlands would be a major factor in any

Daf has already shown what it has in mind via a deal signed in the past year with Enasa, the state-owned Pegaso truck group of Spain, for the joint development and production of a cab for vehicles of 14 tonnes

The cost of F1 140m will be shared—aithough Dat had com-pleted much of the development before the deal was done -and the cab should be in pro-1980s. A 50-50 joint company called Cabtech has been established at Eindhoven to finish the development and a team of Spanish engineers has joined Dutch colleagues.

Daf itself no longer feels threatened bν outside predators. A 37,5 per cent shareholding previously owned by International Harvester of the US which was put up for sale when the American group ran into major financial difficulties, was picked up last year by a

THERE IS no mistaking the upsurge of confidence at Daf itself, the van Doorne family trucks since the Dutch comtract (Hub and Wim van Doorne founded Daf in 1928) The Netherlands Investment Bank and the state-owned Dutch State Mines. This in-creased the involvement of the Dutch Government in

Fi 1.96bn (\$676m) 100-2
against a loss of F1 27m on a
FI 1.65bn turnover in 1984.

Mr Aart van der Padt, the
chairman, says: "Results for
1985 should be better than last
year's."

The healthler financial
The healthler financial
The has taken some of the
That manageThat manage

Another important element in the management confidence at Daf is the fact that the company was able to obtain a F1 600m financial package to cover a six-year produc renewal programme and invest ment in advanced production methods. About Fl 400m will go towards renewal of the truck

DAF

range and the rest for produc-

tion changes.
The Dutch Government is providing about F1 200m and, in view of Daf's importance in Belgium—it has a cab plant at Westerlo where 1,409 of Daf's 8,710 employees are locatedthe Government there has guaranteed a BFr 2.8bn loan by Belgian banks. The balance of Fl 250m will be found by Daf from its own resources. Mr van der Padt says that capital expenditure this year will be Fl 80m to Fl 100m, in line with the financing arrange-ments and "what the balance sheet will bear."

Daf has already spent FI 24m for equipment for a new paint shop in Belgium.

Daf's production of trucks increased from 11,685 in 1983 to 13,645 last year and it delivered to customers 14,205 vehicles in 1984 against 12,510. Mr van der Padt reckons output in 1985 will be over 14,000 trucks, rising to 15,000 next

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'Black box' takes charge of gear changing

Driver's view ALAN BUNTING

COMMERCIAL vehicle technology's biggest shop window in 1985 was the biennial West German motor show in Frankfurt, where Europe's heavy truck builders sought to outdo each other in their claims to superiority in advanced engin-

Electronics made their first significant impact in the truck field five years behind equiva-lent innovations in passenger cars and petrol-engineed light commercials.

The so-called vehicle manage-ment systems, which aim to optimise performance and, more importantly, fuel economy, are by definition more complex on a diesel-powered truck than

in a spark-ignition engined car.

Because the combustion process is dependent on: (a) the quantity of fuel injected: (b) the instant injection begins: and (c) the instant it cuts off, all three variables, ideally, need to be regulated.

General Motors subsidiary Detroit Diesel Allison often charge air-cooled engines showed at Frankfurt a new display performance character-electronically controlled fuel istics quite different from their system, developed in the US for

specialist fuel-injection field, as continuing to pull strongly. supplier to nearly all truck diesel engine makers on this side of the Atlantic, is treading more cautiously. But big Bosch customers such as Mercedes-Benz and MAN in Germany, along with Volvo and Scania in Sweden, hope to exploit the Bosch technology in the next five years, to raise efficiency levels in their diesel engines.

Meanwhile those same chassis makers, working closely with gearbox producers and elecronic specialists, are focusing their research and development attentions on other aspects of truck operating efficiency. The biggest topic of conversation among visitors to Frankfurt's vast commercial vehicle show halls was electronic gearchange control.

Led by Scania, whose CAG (computer - aided gearchange) system had a sneak preview at the same show two years earlier, a bery of companies showed their answers to what amounted to a double engineering challenge. Heavy vehicle drivers need to be persuaded, encouraged or even coerced to revise gearchanging habits that are often deeply ingrained.

Today's turbocharged and installation initially on GM's have much more low speed two-stroke truck diesels.

In Europe, the German Bosch group, market-leader in the slower rotational speeds while

Drivers brought up on less flexible, higher-revving engines who get behind the wheel of a new-generation truck are prone to make downward gearshifts too soon and, by the same token, to delay upward changes unnecessarily. In so doing they are wasting fuel and causing excessive engine wear, with no compensating acceleration or journey-time benefits.

Electronics are now being applied to sense engine and vehicle information, notably engine speed (rpm), road speed (mph) and accelerator pedal position. The data is fed into an on-board mini-computer, or microprocessor, which calculates, instantaneously, the lates. correct gear ratio for the condi-

It might be said that for many years fully-automatic torque converter gearboxes, of the kind used in most cars and available in heavier-duty form from manufacturers such as GM and ZF, have achieved the same object, without the need for electronics. But for heavy truck applications such automatics are prohibitively expensive, as well as being heavy—and wasteful on fuel because of friction losses in the fluid coupling.

On board speed and pedal sensors could of course be used as simply mini-computer inputs from which to obtain gear-change "advice" signals, transmitted to the driver by illumi-

transmission numbers on the dashboard, telling him which gear he electronic "black box " on the truck, the designers can tap the output information to meet the other half of the challenge. which is to reduce the physical effort of gearchanging.

the on-board computer can be made to energise solenoid valves. They, in turn, admit compressed air (from the vehicle brake system reservoir) to thrust cylinders acting through the shift-linkage on the outside of the gearbox—thus effectively replacing the muscles in the driver's arm. The person at the wheel then need only "flip a switch" to change gear.

Scania in its introduction of driveline electronics. The driveline electronics. The driveline electronics. The driveline electronics of the ratio compatibility check feature.

Having driven both Scania and Mercedes heavies equipped with their respective electronic shift systems, I can report that the Swedish engineers have shown more flair, while their German counterparts display more realism. Both employ a simple light-touch ratio selector switch.

Damage.

This introduces its own risks. from a durability point of view: too-easy gearchanging could result in mechanical damage by a careless or unthinking driver. However, those electronics can be readily harnessed to overcome the danger. Rev-sensors
can ensure that gearbox input ing number gearshift advice
and output speeds are compatible for safe, quiet, gear meshing; if they are not, then engagement is blocked by opento follow such advice. ible for safe, quiet gear mesh-ing; If they are not, then en-gagement is blocked by open-circuiting the solenoid signal

Scania's CAG system, which combines all the elements I have described, is now available

pany's range, as an on-cost fact its action is the same as option. In contrast, Mercedes- its Scania equivalent, that of should be in. But once having Benz intends to make its electro- a spring-loaded switch moving committed themselves to an pneumatic shift (EPS) system in one plane to make upward standard equipment on the new

Mercedes has adopted a more Those electronic signals from Scania in its introduction of

In the Scania it takes the form of a "space invaders" joy-stick, looking too flimsy for the job it has to do. The "manualturn-switch next to looks similarly out of place in a heavy truck cab.

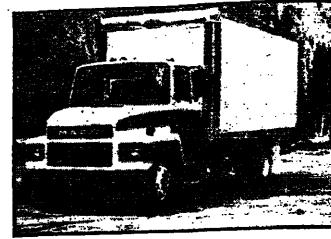
Climbing into the cab of an looks to be a conventional full- interdependent.

ratio right across the Swedish com- sized gearlever is retained. In (forward) and downward (back) higher-performance (354 and shifts. The main job of the 435 horsepower) heavies shown microprocessor in the EPS sysat Frankfurt in September. tem is to block "incompatible" changes.

It is also able to determine the best gear ratio for the conditions, moment by moment.

It seems likely that in 10 years' time all heavy trucks will employ similar powerassisted gearshift systems-some of them carrying the prin-ciple a stage further by eliminating the clutch pedal. Already Eaton in the US and ZF in Germany have such systems working as prototypes. They pro-vide a much less costly, and lighter, but directly competitive alternative to torque-con-verter automatics.

Electronics will be harnessed Electronics will be harnessed increasingly between now and the end of the century, by truck and engine makers, to make vehicle operating efficiency progressively less driver-dependent. Computer logic, rather than the driver's gut feeling or whim, will determine the performance extracted from the engine (a function of fueliniection characteristics) as well injection characteristics) as well as the timing of gearchanges. EPS-equipped Mercedes, one is Total power-train management not immediately aware of any will follow, making engine per-changes in the controls. What formance and transmission use



Renault is now building this bonneted medium-weight Midliner in France for sale by its associate Mack Truck in North America.

Pressure on to cut costs

Joint ventures JOHN GRIFFITHS

IF FORD and Fiat, last year's European car market leaders consider it advartageous at least in theory—to merge n pursuit of increased economies of scale in car production, the arguments in favour of mergers and joint ventures in the commercial vehicles industry would appear unanswerable. For a variety of reasons, not

least cultural but also involving many EEC-based legal difficulties, the Fiat-Ford merger idea did not come off. But the two companies are to continue talks on collaboration, and there is much speculation that commercial vehicles, thus principally involving Ford UK and Fiat's commercial vehicles arm, Iveco, will be a prime subject for attention.

It is not hard to see why. Europe's commercial vehicle industry is suffering from much over-capacity and many individual manufacturers making losses. are

In the past 12 months, the first stirrings of Japanese interest in the European truck market have also become apparent — Hino Mitsubishi, Isuzu, Mazda and Toyota all displayed commercial vehicles at the Brussels motor show at the beginning of this year. And while all except Hino have been making increasing inroads into Europe's light commercials market. Hino's exhibits were in weight ranges up to 15 tonnes.

In short, the need to cut costs and rationalise production has assumed overwhelm-By any measure, very few of the European companies come anywhere near the maximum economies of scale which might be achieved in truck manufacturing. Prof Garyl manufacturing. Prof Garyl Rhys, who advises the UK House of Commons industry committee, on the motor indus-

try, has calculated these maxima at 200,000 a year for cabs. 200,000 for engines, and 40,000 for chassis. A number of joint ventures and other collaborative deals have already taken place, not just between vehicle manufac-turers, but involving com-

ponent suppliers as well. In the past 12 months, however it has been the activities of General Motors which the European industry has been studying with most interest and in some cases, alarm. Several years ago, GM reorganised its commercial vehicles operations completely under a "world truck and bus" division based at Michigan. It was Pontiac. intended originally to pool the strengths of GM's US commercial vehicle interests with those of its sub-sidiaries in Brazil and the UK

(Bedford), plus input from Isuzu, the Japanese car and commercial vehicle maker in The concept has been expanded markedly, if not the actual results. During the past 12 months GM has: Had lengthy talks with Enasa, the Spanish state-owned truck-

maker, aimed at collaboration or possible takeover. They were broken off only at the beginning Navember:
 Had equally prolonged discussions, through Bedford, with MAN, West Germany's second-largest truckmaker, with similar aims in mind. Again, no deal was struck; ● Talked to Dina a Mexican

state - owned

about joint production of trucks and diesel engines, Begun talks, which are cur-rently continuing, with UK state-Leyland Speculation about the topics under discussion range from simple collaboration on components to a full takover by GM.

manufacturer

Several other sets of negotiations, as yet undisclosed, are also likely to be in progress. There are, however, other concrete results from the web GM is spinning. At the beginning of this year, Bedford began building its Midi panet van at Luton, based on an Isuzu design and in November followed this up with production of a microvan, based on a design by Suzuki, in which it has a 5 per

cent stake.
"Traditional" European commercial vehicle producers inevitably view these develop-

ments by the multinational-and Ford's importing of a Mazda in Europe as a Ford—with some apprehension, on the basis that if this can happen with light commercials, heavier trucks might not be far behind. GM, however, justifies the

approach in several ways—not least that the projects provide "laboratories" for learning at firsthand how the Japanese concept of manufacturing translates into the Western industrial culture. A new truck plant being installed in Egypt jointly by GM and Isuzu is seen as a od example. All these manoeuvrings do

not necessarily leave the smallest truck producers totally on the sidelines, watching their own lack of economies of scale put them at an ever-increasing commercial disadvantage. For instance, had GM actually

completed a deal with Enasa, Seddon Atkinson of the UK would also have been drawn into the net, having been bought the Dutch truckmaker, would also have become involved since it is collaborating with Enasa to develop truck cabs. There would have been ramifications, too, for ZF, the West German transmission maker, whose components are made by Enasa under licence.

A deal with MAN also would have had implications for Eaton, the US components maker, with which MAN is collaborating to develop and produce truck and bus axles.

Enthusiasm

Until recently, however, joint ventures have been regarded with varying degrees of enthusiasm by individual manufacturers. Daimler-Benz, the world's largest track-park world's largest traditionally has been the prinintegration. MAN had been one of the very few companies with which Daimler Benz collaborated-an arrangement ended by MAN earlier this year -but now it, too, is collaborating with the Japanese, via an agreement under which it is to assemble Mitsubishi L300 panel vans at Mercedes-Benz Espana's Vitorio plant, in northern Spain, at the rate of 10,000 a year.

at the rate of 10,000 a year.

Some joint ventures and
other collaborative deals are
already well-established, though
with varying degrees of with varying degrees of success. MAN and Volkswagen, for example, have been prothe MT range, since the late 1970s, with VW making cabs, rear axies and gearboxes, MAN contributing engines, frames, axies and special bodies.

Eaton, the US transmission maker and transmission ducing medium-weight trucks.

 $\mathcal{C}^{0,\epsilon}$

maker, and Iveco are jointly developing medium-duty transmissions expected to go on sale next year. Eaton will sell the transmissions to other vehicle makers worldwide makers worldwide, thus sub-stantially reducing the transnission's cost to Iveco. Similar thinking applies to another Iveco joint venture, with Rockwell to produce truck axles.

The Economist Intelligence Unit The West European Truck industry

The demand for frucks in Western Europe has slumped senously since the recession in the early 1980s. Japan looks set to make sceable invoads into the bruck market, orders from developing countries have

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ABBING 1113 ADIREA (OR One of the major contracts for Woods Transport of Essex "Admittedly we've recently had them re-engined, but well over 300,000 miles each on the same power units has done It's a close relationship. So close in fact that Woods are me very nicely thank you. actually based in British Sugar's factory at Felsted. "And our new 814 shows every sign of being just as good. And equally close is their relationship with Mercedes, It nips in and out of the thick of the London traffic, working on reconfirmed in November '84 by the arrival of a new maximum payload of 3.5 tonnes, and yet we're still averaging 71/2 tonner, an 814. "About eighteen months ago, British Sugar 15.4-16 mpg. awarded us the tough assignment of London multi-drop "It's now done 35,500 kms and the only maintenance has deliveries," says Trevor Woods, "and the only suitable vehicle we been routine servicing. had for the hotel and catering run was our extremely elderly "That's what I expect from Mercedes." 813 which was, in fact, up for sale. "I know they don't test new models on their customers. "I must say that the old girl never let us down, but it was "And finally, the driver thinks it's nicer to drive than the apparent that we needed a new vehicle. car he comes to work in. Its manoeuvrability and short "It wasn't just the exceptional resale price that prompted wheelbase make a difficult access so easy. me to order another Mercedes. Our previous experience with "It really is a sweet vehicle." 1617s and 1625s had given us every confidence. Or to put it another way. "When I tell you that our two 1978 1617s are still giving Once you've got the taste for Mercedes, us sterling service you can see why. you invariably come back for more. METICULOUS ENGINEERING DOESN'T COST YOU. IT PAYS YOU.

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Profits at BASF up 33% at

nine month By John Davies in Frankfurt

BASF, the West German chemical group, has strongly increased its profits in the first nine months of this year and is optimistic about its performance next year in the wake of its string of takeovers in the US

Group pre-tax profit to the end of September rose 33.6 per cent to DM 2.46hn [5968m], while the Ludwigshafen-based parent company lifted pre-tax profit 49 per cent to DM 1.29hn

World-wide sales revenue, including companies at least 50 per cent-owned, rose 9.4 per cent to DM 34.976n and parent company sales advanced 4.8 per cent to DM

Mr Hans Albers, the chief executive, said these results did not take account of the major acquisitions which would add about DM 4.5bn to BASF's sales revenue next year. In the biggest takeover, BASF is buying the US-based Inmont car paint and printing ink group, after acquiring the carbon fibre and re-

Mr Albers said US cartel authorities had given the go-ahead for BASF to take over the US fibre operations of American Enka. In addition, it is taking over Monsanto's Seal Sands plant in the UK, which produces chemicals used in making

lated operations of Celanese of the

Mr Albers said he was "very con-fident" this strong growth in BASF through takeovers would lead to a "corresponding increase in earn-ings capacity" in the years ahead. BASF has no plans for further take-overs, he said, and he specifically dismissed the idea of buying into pharmaceuticals because such companies were too dear.

i. rogg

Historije<u>s</u>

Mr Albers gave a clear indication that BASF would increase its dividend on this year's earnings, though he declined to be drawn on the likely payout. "We will not be paying DM 9 a share again," he

The "big three" West German chemical companies - BASF, Bayer and Hoechst - are all expected to raise their dividends on this year's results for the third year in succession, after paying a uniform DM 9 a share on last year's earnings and

Bayer and Hoechst have already reported a substantial increase in their nine months' earnings. Bayer lifted its group pre-tax profit 14.4 per cent to DM 2.5bn, with world sales 9.5 per cent ahead at DM 35.5bn, Hoechst showed group pretax profits up 11.2 per cent at DM 2.36bn on sales 5.4 per cent ahead at DM 32.49bn.

With further growth forecast for leading countries next year, Mr Al-bers said he was optimistic BASF would share in this advance. But business was not likely to grow as strongly as in the past few years, he

BASF was also stepping up its outlay on investment and research, with strong emphasis on operations involving advanced technology, in-

cluding high-performance plastics. Mr Albers said BASF's higher sales revenue this year resulted mostly from a heavier volume of sales rather than price rises. Business had been going ahead particularly strongly in oil and gas, fibres and fibre-intermediate products, new-composite materials, and information systems (including audio-video, data storage and processing and reproduction technology).

Sales had shown sturdy growth in Europe, some Latin American countries, particularly Brazil, and Japan. Sales in North America

were unchanged in dollar terms. Like other West German chemical companies, BASF has begun to feel sharper competition from US groups now that the weaker dollar is giving US exporters a price advantage in foreign markets.

VDT rescued by Dutch Government

By Laure Raun in Amsterdam VAN DOORNE'S Transmissie

(VDT), the struggling Dutch maker of a revolutionary automatic trans-mission, has received another lease on life with the entrance of a new shareholder and a fresh capital The Dutch Government has again

borne the brunt of the rescue package by taking a Fl 10m (\$3.5m) loss on the sale of its 36% per cent stake in VDT to the Corporation for Industrial Projects, a venture capital company majority owned by the

The Economics Ministry, which will receive a token Fl 1 for its bold ployees) company in recent years. | amount has not been launched. cated at 8 per cent

SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Friday November 29 1985

William Hall describes the legal bombshell which could bring a US oil major to its knees Why Texaco fell out of favour with Wall Street

A STROKE of genius or a colossal mistake? When Texaco, the US oil company bought Getty Oil for \$10.3bn early last year, Wall Street was visibly impressed by the speed and daring with which this once stodgy company had snatched Getty away from its smaller rival, Pennzoil.

During the past 10 days Wall Street appears to have changed its mind and investors have dumped more than 30m Texaco shares on the stock market and run for cover. They have been caught off guard by some nasty news about Texaco which has raised serious questions about the skill and judgment of members of its senior management and their handling of the Getty

The first shock was last week when a Texas jury awarded Pennzoil, a minnow in the oil league compared with Texaco, \$10.5bm in damages. Even by Texas standards the award is gargantuan and, while most observers expect the award to be scaled down, Pennzoil could collect several billion dollars, according to some estimates. In making the largest civil award of its kind, the jury believed Texaco had improperly seized control of Getty from Pennzoil.

This week a second shock hit Wall Street America's fifth biggest industrial company admitted that, as a last resort, it might have to file for bankruptcy if it was forced to post a \$12bn bond as a condition of appealing against the damages

This is not the sort of talk Wall Street wants to hear from one of its traditional blue-chip companies, especially since only a week ago Texaco had been reassuring Wall fair was a minor matter and it was confident that, despite the decision of the Texas jury, it would eventual-

1984. Mr Hugh Liedtke, Pennzoil's chairman, is from the old school of oil men who believe a handshake is enough to clinch a deal.



Hugh Liedtke, left, and John McKinley, chairmen respectively of Pennzoil and Texaco

Getty Oil, and its two major shareholders, had even issued a press release stating they had reached an agreement in principle with Pennzoil. Less than two days later, they had changed their minds and accepted a far better offer from Texaco. Mr Liedtke is under no illusions as to who was the culprit.

Texaco evidently thinks it is rich enough and strong enough and powerful enough to walk over people with callous disregard," he says. They used to say that the oil business was built upon a handshake. Should it now require handcuffs? he asked after his company had been jilted.

To argue his case, be hired one of the best personal injury lawyers in the US, the colourful Mr Joe Jamail, who has painted a picture of Texa-Street analysts that the Pennzoil afoo's slick New York lawyers ripping fair was a minor matter and it was up the code of the oil patch at Pennzoil's expense. Mr Jamail prides himself on be-

ing a "drinking buddy" of Willie not Pennzoil had an agreement to take control of Getty Oil in January 1984. Mr Hugh Lindtha Branch of Getty Oil in January 1984. Mr Hugh Lindtha Branch of Getty Oil in January 1984. his cowboy boots and colourful language. But behind his folksy image there is a shrewd lawyer.

says, because it offered a oncein-a-lifetime chance to make an important point about managerial ethics. "I do not want corporate America to think they can continue their duplications double dealing," he said. Texaco strongly disagrees and argues that if the case had been ard anywhere else but in Pennzoil's home town of Houston it. would have been thrown out. Early in the trial, Texaco had tried to get

the judge replaced after it was dis-closed that Mr Jamail had given \$10,000 to his re-election campaign. Texaco is confident it will ultimately prevail but the financial markets are not so sure. During the past week, there has been a serious loss of confidence in Texaco's ability to control its own destiny.

Texaco did not take this law suit seriously and it has made several major legal blunders along the way," says one leading oil analyst who believes that, whatever the eventual outcome, Texaco now faces a costly and lengthy legal Texaco's case is weakened by its

agreement to indemnify the Getty for any liability for breach of con-

have taken the \$14bn damages claim seriously enough to bring forwards an expert witness to provide

It has also been criticised for allowing the case to be heard in front of a partisan Houston jury, rather than in the state of Delaware, the home of many big US corporation Although Texaco says it will take its case as far as the US Supreme Court, if necessary, and the legal process is notoriously difficult to predict, many analysts believe Texaco is in a weak bargaining posi-tion. Mr Liedtke can dictate his

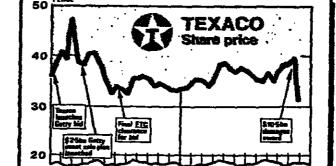
terms.
This is what is worrying Wall
Street. Close to \$2bn has been wiped off Texaco's stock market capitalisation and Texaco shares have slumped by a fifth to \$31% since the fateful November 19 decision. Trading in Texaco debt both in the US and abroad has come to a virtual halt and holders of the billions of dollars of Texaco commer-

cial paper are oneasy Nervousness about handling Texaco paper has been compounded by the remarks of Texaco's president Mr Al DeCrane, who reportedly said: "If a \$12bn bond is required Texaco does not have \$12bn, and in my opinion, probably cannot get it -then we would have to look for some heroic measure whether it is Chapter 11 or whatever."

Wall Street is confused and worried by the whole affair. The two big US credit rating agencies, which had initially reaffirmed Texaco's credit ratings after last week's jury decision, say they are having second thoughts.

The company's recent comments "raise questions over Texaco's ability to conduct its business in a normal manner, and whether it will have access to adequate sources of liquidity from banks and capital markets, says Standard & Poor's, a judgment for the maxim

The next step in the saga will take place in a downtown Houston courthouse on December 5 when scheduled to hear motions by Texa- is a "small but real possibility that co to grant a new trial or set aside Texaco's liabilities may be frozen tract. Texaco also appears never to last week's jury verdict. Even if it for an indefinite period."



JFM A M J J A S O N D J F M A M J J A S D N D 1985

denies Texaco's motion, it may substantially reduce the award to

Should a judgment for Pennzoil be entered, Texaco has the right under Texas law to ask the district court to direct that the case be re-

tried by a new jury. If this happens the question of a bond will not arise, says Texaco. If the judge does not grant Texaco's motion and enters a judgment for either the full or a lesser amount, rather than set aside the judgment or grant a new trial, Texaco has 30 days to file a post-judg-ment motion. Within 75 days of the

original finding, the judge must reach a different decision or the original award becomes final, say legal experts. According to Moody's, the US credit-rating agency which is con-sidering downgrading Texaco's debt, if a new judgment is filed or the original judgment becomes fi-nal it believes the judge has no flex-

total amount of the award plus costs at a maximum \$12bn. While Moody's says it is unlikely amount will be filed, it says that in the light of Texaco's recent comments and its own understanding of State Judge Solomon Casseb is Texaco's legal circumstances, there

If the legal outcome was "extreme" it could result in "radical rating changes" for the \$12hn of Texa-co's outstanding bonds and commercial paper, warns Moody's.

Texaco says it will urge the court "that since a bond of \$12bn, or anything like it, would be impossible to obtain, requiring such a bond as a condition of staying execution of judgment pending appeal violates the Texas and US constitutions.

The company warns that, should an appeal be necessary, it "will pur-sue whatever legal procedures are appropriate to have it heard and determined. At this time no legal course of action has been ruled out." It is the implications of this last sentence which has sent shivers through the financial markets.

Wall Street analysts are critical of the way the company's senior magement has let itself be outfoxed by a group of wily Texas lawyers and have been waiting anxiously for some bold move by the company to stem the financial ibility but to require a bond for the

> Unless Texaco can stem the slide in its share price, it will be vulnerable to a takeover, say analysts

The pressure is on Texaco to do a deal with Pennzoil and prove whether it can salvage its reputation from a takeover battle which is beginning to look like a colossal

National Bank of Canada advances

By Bernard Simon in Toronto

NATIONAL Bank of Canada, the fast-growing Montreal-based group, raised net earnings to C\$38.6m (USS28m) or 88 cents a share, in the three months to October 31, from CS28.8m, or 65 cents a share, a year

Income for the fiscal year to October 31 advanced by 35 per cent to C\$153.7m. Assets stood at C\$23.3bn at the end of October, 21 per cent higher than a year previously. Return on average assets rose from 0.63 to 0.73 per cent, among the highest of the big Canadian banks. The quarterly dividend has been increased from 23 cents to 25 cents.

National has doubled its provisions in the past year on sovereign risk loans, mainly to Latin Ameri-can countries, to C\$252m equal to 11.3 per cent of its exposure to almost three dozen Third World bor-rowers for which the authorities in Ottawa have asked banks to set aside extra provisions.

Total non-performing loans have fallen in the past year from C\$222m to C\$183m, largely because of an improvement in the domestic portfolio.

Morguard Bank, the Vancouver

C\$290m, is being acquired by Securda, which has assets of C\$220m. The deal has been under discus-

sion since the summer when the western Canadian bank crisis

BMW lifts Loewe Opta stake

rect holding of 8 per cent in Loewe Dresdner Bank 40 per cent). Opta, has acquired a further 23 per It became known earlier this year

BMW, the West German car and Ownership of Loewe Opta has varia that it might take a stake in stake in Loewe Opta, the electron- its senior managers now owning 51 ics and television company, to 31 per cent and a further 26 per cent per cent to prepare the way for held by Technologie Investoren (in technological co-operation. which BMW and Bayerische Ver-

The 23 per cent stake now taken cent direct stake. Loewe Opta had over by BMW was "parked" with as a junior partner of state sales revenue of DM 260m (\$102m) Dresdner Bank while Loewe Opta's governments. last year and has about 1,200 managers sought a technological It is generally assumed that some

that Philips, the Dutch consumer become involved in other high tech-willing to sell, but the Hamburg and electronics group, had previously nology enterprises only if there is a held a majority stake in Loewe direct spin-off benefit for its motor Opta through a complex network of vehicle business. In line with this the Bavarian Government has indiholdings. But Philips has since policy it recently took a stake in a cated it might sell part of its holdbowed out in the wake of its take-over of management control of the Grundig audio-video company.

Lecentry work a stake in a cated it might sell part of its hold-ing if it helped a Bavarian company such as BMW to build up a sizeable

chmitt - Bölkow (MBB), the aerospace and defence

which BMW and Bayerische Ver- BMW's chief executive, has indicat-BMW, which already had an indi- einsbank each have 30 per cent and ed that, apart from other consider-

> banks and industrial companies BMW says that its strategy is to 'among MBB's owners would be

ations, he is not anxious for BMW to become involved in MBB

Bremen state governments have shown no enthusiasm for the idea

EUROBONDS

\$500m deal for Philip Morris

BY MAGGIE URRY IN LONDON

Eurodollar market. But a syndicate manager's work is never done and a launched yesterday. \$500m two-tranche deal for Philip Only seven straight deals are group which has recently taken over General Foods, is a name well known to investors, though the provisional ratings given to the bonds worth DM 3.55tn – many of which by Moody's and Standard & Poor's are single A2 and A. The issues sions – they will prove to be too were moving slowly, with the market in a holiday mood, and both were bid just inside their total fees.

The forthwest SOMM instable to the point yesterday before some The four-year \$300m tranche has buying came in to cut losses to a 9% per cent coupon and 100% issue price, with iees of 1%, giving the

sue price. Fees for this part are 2 100% issue price. The bonds mature per cent and the borrowing cost was on February 25, 1894, although a 49 basis points over Treasuries.

UBS (Securities) is placing half of life to 7.2 years. The coupon is 8% each tranche with its clients, so only \$250m worth is being syndicated.

In the Swiss franc foreign bond Prices firmed slightly in the fixed-rate sector following the late

rise in the New York bond market on Wednesday. Floaters slipped as is indicated at 5%, considered ac investors began to tidy their books prior to the year-end, dealers said.

Co op, the West German food re
International. The seven-year prior to the year-end, dealers said.

The Bundesbank announced that

THE Thanksgiving holiday, which Traders were relieved that the calclosed the New York bond market endar was not bigger and prices were firmer with the undertone yesterday, brought a calm to the gained around % point with buying friendly. Controversy still surfrom abroad. No deals were

Morris was launched by Union due totalling DM 1.165bn and deal-Bank of Switzerland (Securities). ers say they should be absorbed Philip Morris, the US tobacco comfortably. But eight floaters, group which has recently taken worth DM 1775bn, are also expected and dealers fear that on top of known to investors, though the pro- the nine hunched, in November,

Salomon Brothers made its bookborrower a cost of 56 basis points running debut in the Ecu market over US Treasury yields. The 10-with an Ecu 62½m issue for Walt year portion is for \$200m and was finding wider investor interest. It The borrower has star quality and has a 10 per cent coupon and 99% is the issue was trading close to its

market Crédit Suisse launched a SFr 200m 10-year issue for the European Investment Bank. The yield for some weeks was launched for

tailer, made its debut in the market bonds have a 7 per cent coupon and a total of DM 3.84hn in new issues with a private placement increased was due in the D Mark market in from a planned SFr 50m to SFr bid at 100%, inside the 1% per cent will receive a token Fi 1 for its hold. December. This is much less than a som. The joint lead managers are ing has channelled between Fi 70m the DM 7.475bn originally sched. Fuji Bank (Schweiz) and BEG. The and H 80m into the small (130 cm uled for November, and that coupon for the six-year deal is indi-

friendly. Controversy still sur-rounds the listing of Soditic's Italy zero-coupon bond, which was trading around 33.3 compared to the 34.273 issue price yesterday. The issue will be governed by Italian rather than Swiss law and the Zurich

US dollar-denominated issues governed by foreign law are listed, and nothing in the rules of the exchange requires that bonds must be bankers reply that the exchange is keen to maintain quality by insist-ing on this point. They admit, however, that in the end it will prove impossible to deny a listing to a

In the Euro-French frenc bond market Pechiney, the French-metals group, launched a FFr 500m five-year issue, the first of two due in December. Crédit Lyonnais set the terms at a 10% per cent coupon and 99% issue price. Fees total 1% per cent but the bonds were trading well within that discount at 99%.

The first straight Euroyen issue International. The seven-year 101% issue price. The bonds were

> International bond service, Page 16

All these Bonds have been sold. This announcement appears as a matter of record only.



European Investment Bank

French Francs 500,000,000 11¼% Bonds due 1992

Issue Price: 100% of the principal amount

Crédit Commercial de France

Caisse des Dépôts et Consignations . Bankers Trust International Limited • Banque Internationale à Luxembourg S.A. .

Amro International Limited Banque Bruxelles Lambert S.A.

Banque Nationale de Paris Banque Paribas Capital Markets Barclays Merchant Bank Limited Baring Brothers & Co., Limited Berliner Handels- und Frankfurter Bank County Bank Limited • Crédit Agricole

Crédit Lyonnais · Credit Suisse First Boston Limited Dresdner Bank Aktiengesellschaft • Generale Bank

Genossenschaftliche Zentralbank AG-Vienna Goldman Sachs International Corp.

Istituto Bancario San Paolo di Torino • Kredietbank International Group Morgan Guaranty Ltd. • Salomon Brothers International Limited

Société Générale • Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited • S.G. Warburg & Co. Ltd. Westdeutsche Landesbank Girozentrale • Yamaichi International (Europe) Limited

October 18, 1985

National Bank came to the rescue last month of the troubled Mercantile Bank, which was hit by a sudden withdrawal of deposits in the wake of the collapse of two small Alberta banks. The proposed merger will expand National's asset base by about 20 per cent and give it a wider exposure to parts of Can-ada outside Quebec.

based wholesale lender with capital of CS22m (US\$16m) and assets of ity Pacific, seventh-largest US bank holding company, and will be merged into Security Pacific Cana-

SAS profits soar to record SKr 1bn

SAS, the Scandinavian Airlines catering arm, increased profits System, achieved record profits and more than fivefold to SKr 31m (SKr turnover in the year ending Sep-

Group turnover climbed 10 per cent to SKr 19.8bn (\$2.6bn), while profit before extraordinary items was 28 per cent up, at SKr 1bn - a record. The result before tax and year-end allocations was SKr 1bn, egainst SKr 968m, for 1983-84.

to the profit total - SKr 82m up on a in 1983-84. year earlier. Turnover in this division rose to SKr 15.3bn from SKr 14.15bn

15m), on turnover of SKr 2.39bn (SKr 2.05bn), while the internation al hotels division more than trebled profits to SKr 67m (SKr 21m), alturnover

Vingresor, the SAS package-holidays company, almost doubled its profits to SKr 81m, from SKr Air transport of passengers and over, to SKr 15bn. Other activities freight accounted for 75 per cent of showed a loss of SKr 15m on turngroup activities in the year under over of SKr 380m, against a profit review and contributed SKr 811m of SKr 2m on turnover of SKr 695m

"concern adjustments" is put at mi-nus SKr 7m this year, compared

Grumman may acquire Fairchild Republic

Fairchild has been hard hit by cularly carrier-based and aerospace losses on its joint venture with systems, said it hoped negotiations Sweden's Saab-Scania and an with Fairchild would result in an nounced last month it would pull agreement "in the near future."
out, taking a \$102m pre-tax charge Mr John Bierwith, chairman out, taking a \$102m pre-tax charge

Fairchild Republic manufactures tiate a result which will be in the parts as a subcontractor for the best interest of everyone conscients and builds a trainer jet for the US Air Force.

Earlier this mouth the Chantilly, Virginia-based group reported a third-quarter net loss of \$77.6m, mainly as a result of write-offs on vestment by the US Air Force in the aircraft programmes, and a nine-raft programmes and the communities where they operate. a share on sales of \$609.2m. Subse-possible balance of all quently Fairchild announced a new considerations."

group, is negotiating with financial-ly troubled Fairchild Industries to acquire its aircraft unit, Fairchild Industries to arrow of military aircraft, parti-

in the process.

said, "We are working hard to negoFairchild Republic manufactures tiate a result which will be in the

veteran Eastern Transvaal

Anglovaal gold dividends rise

in net profits for the year, up from can be attributed to a capital gain

PRODUCERS in South lowing suit with an interim of 7.5 Africa's Anglovaal group are raising their interim dividends in line

The veteran Eastern with earnings boosted by the weakconsolidated, which boosted last
ness of the rand against the US dolyear's interim to 75 cents from 20 cents, is raising the latest payment

Hartebeestfontein is lifting its into RI. Of the investment compa-terim for the year to next June to 45 nies. Middle Witwaterstrand (West-cents (16.9 US cents) from 32.5 ern Areas) is paying an interim of cents a year ago when there was a 55 cents against 45 cents, while the subsequent final of 47.5 cents. The perent Angiovaal is paying R1.20 holding company, Zandpan, is fol. against R1.

BBL-profits jump 39% gium's second largest bank, yester-day reported a 39 per cent increase 193.94 respectively. Part of the net profits increase

BFr 1.56bn last time to BFr 2.16bn from the sale of a BFr 200m stake \$42m). in Banque Internationale a Luxem-bourg, though this disposal was The net dividend has been raised smaller than the BFr 400m sale last

by BFr 5 a share to BFr 100. Payouts on the two special categories of Operating profits increased by shares, issued in 1983 as part of the Government's fiscal incentives 10,16bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists.

OTHER STRABBITS
Sarcists Ansi 12*s 90AS
Creditanstalt 12*s 90AS
Creditanstalt 12*s 90AS
Creditanstalt 12*s 90AS
Creditanstalt 12*s 90AS
Seetal Expert Cred 13 89AS
Arner 10*s 90 CS
CREC 10*s 90 CS
CREC 10*s 90 CS
CREC 10*s 90 CS
Genetate Fin 15*s 95 CS
Montreal 11*s 95 CS
Montreal 11*s 95 CS
Sears Arc. Co 10*s 92CS
Winnipeg CRy 10*s 90CS
Chrysler Fin Corn 17 90NS
KCDP 10*s 91 NS
SLAP, 8*s 95 CU
Sec Para Aust 8*s 90 ECU
Honda Molor WW 3*s 90°L
Honda Molor WW 3*s 90°L Amer Credit 10% 80
Amer Credit 10% 80
Appart Richflot 10% 90
Australia Com 11% 00
Australia Com 11% 00 Augrana SP Capital 114 52 Conschell Soup 10*, 95 Chevron U.S.A. 124 89 Criscorp 19 68 Criscorp 104, 85 Coct Cola 114, 91 Denmark Kingdom Denmark Kingdom Denmark Kingdom

SHISS FRANC STRAIGHTS Awar Cap Corp Sie B4 Brit land Comp 612 99 Council of Europe 6 92 Creditanstatt 512 94

130 130 130 150 Santos Finance Lai 6 94 Tokyo Elec Pur 5'2 93 Tokyo Metropolis 5'4 94 + 812 0 + 014 0 + 834 + 112 + 814 8

YEN STRAIGHTS Count Nat Tole, 64, 62 Gdyr Tr & Rubber 74, 92 Mort Bk Denmark 7 92

Thyssen 74 90 FL Versionsus 71- 65

ROATING RATE FLOATING RATE
NOTES
Abbey National 5 2000 t
Bankamence O'S 54 96
Bankers Trust 5 2000
B.F.C.E. 54 98
B.M.P. 54 95
C.C.F. 54 97
Chase Machin 54 2009
Choomy 5 2005
Choomy 5 2005
Choomy 5 2005

Comcast 7 2009
Fequit 34, 96
Fuji Huy Inds 3 2000
Fujissa 3 98
Kusnagai Gurni 31, 2000
Marul 7y 59
Mitsubstill Bank 24, 00

" Margin shows six-mustis offered rate (17 three minute); 5 obers major rate! for U.S. spillers. C.cpn. — current compon. Co. yet — current plain.

as a matter of record only.

US deal for Werner Rey

By John Wicks in Zurich MR WERNER K. REY, the Swiss financier, has taken over a 50 per cent stake in the American computer leasing company Meridian Group, of Deerfield, Illinois. The transaction – the price of

which is not known - took place last summer but has only now been con-firmed. It gave Mr Rey a stake in an important leasing company with ampual turnover of \$105.3m and a 1985 profit figure of nearly \$5m. Mr Rey has various investments in industrial, financial and services ompanies and he owns Omni Fi-

easing company
The Meridian investment is expected to be beld by Inspectorate international, a quality-control and testing company which Mr Rey owns in Neuchatel.

nance, a computer brokerage and

The Industrial Bank of Japan Finance Company N.V.

Curação, the Netherlands Antilles

DM 250,000,000 Floating Rate Notes due 1995

The Industrial Bank of Japan, Limited Tokyo, Japan

November 1995 at par Frankfurt Stock Exchange Listing:

Offering Price:

Interest:

Industriebank von Japan (Deutschland)

Morgan Stanley International

Bayerische Vereinsbank

Berliner Handelsund Frankfurter Bank

Commerzbank

Crédit Commercial de France

Oresdner Bank

Morgan Guaranty GmbH

Westdeutsche Landesbank

U.S. \$50,000,000

OSTERREICHISCHE LANDERBANK

Fleating Rate Subordinated Notes Due 1994 --

. In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th November, 1985 to 29th May, 1986 the Notes will carry an interest Rate of 8/65 per annum. The interest amount payable on the relevant interest Payment Date which will be 29th May, 1986 is U.S. \$212.11 for each Note of U.S. \$5.880.

> Credit Suisse First Boston Limited Agent Bank

U.S. \$125,000,000

Carteret Savings and Loan Association, F.A.

Collateralized Floating Rate Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th November, 1985 to 29th May, 1986 the Notes will carry an Interest Rate of 8,2% per annum. The interest amount payable on the relevant Interest Payment Date which will be 29th May, 1986 is U.S. \$2,089,67 for each Registered Note of U.S. \$50,000.

> Credit Suisse First Boston Limited Agent Bank

November 29, 1985

unconditionally guaranteed by:

Deutsche Bank Aktiengesellschaft

% % above six-month-LIBOR; Maximum Interest Rate 8 % p.a

CSFB-Effectenbank AG

INTL. COMPANIES & FINANCE

Deutsche Bank set for record profits

BY JONATHAN GARR IN DÜSSELDORF

DEUTSCHE BANK, West Ger- cord earnings and plans a "marked" parent figure DM 3bn. Comparative ties) of DM 3.8bn since the end of many's biggest bank, looks set to increase in its 12 per cent dividend. figures for Commerciank are about last year to DM 139.fbm. achieve record operating profits. Dr Christians disclosed that total DM 1.50m and DM 150m respectively.

The bank attributes

Bank to follow on Saturday. Com-

operating profit (including earnings The bank again plans to boost its the first 10 months. The group in ... 8.4 per cent in business volume and risk provision, especially for for crease was 5.1 per cent in the first despite a cut in the margin (the difference business interest earned). intry lending - but is not exthe current 24 per cent level.

Dr R. Wilhelm Christians, chief
the actual level of its operating

and paid to 2.96 per cent compared

As usual the bank did not specify
with 3.16 per cent in 1984.

Profits from commissions jumped

executive, said shareholders were profit – but the figures are undersheady benefiting from the recent stood to have been almost DM 2.8bn for the parent and about DM 3.8bn new shares eligible for the full 1985 for the group in the whole of 1984. Deutsche is the second of the "big three" German banks to present its profit would slow in the last mouths and a general forecast for the year, with Dresdner to state of growth in operating own-account trading results) was profit would slow in the last mouths up by 22 per cent to DM 1.57bm.

This increase in profits is being forecast for the year, with Dresdner up since mid-year.

On that basis the group figure for a fall in overall business the gro

Deutsche Bank's interest profits despite a cut in the margin (the dif- 82.4hn in the first 10 months ference between interest earned

for personnel and other costs, partion personnel and other costs, partion personnel and other costs, partion are the costs, partion are th

The bank attributes the drop in the parent company and DM 4br from own-account trading) rose by in January-October rose by just 0.9 the relatively unprofitable interpretation in the group.

8.1 per cent in the parent bank in per cent - following an increase of bank business. In contrast, credit to DM mainly to its firm drive to reduce bank business. In contrast, credit

Dr Christians stressed that the recent capital increase, which had raised more than DM 1bn, gave vre to take advantage of growing business opportunities - not least in investment hanking. He noted that Deutsche

own-account trading results; was up by 2.2 per cent to DM 1.57bn.

This increase in profits is being achieved against the background of a fall in overall business volume (to-beutsche Bank Capital Markets tal assets plus endorsement liabili- (DBCM) offshoot in London.

Singapore Airlines offering oversubscribed

DBS Bank, lead manager and underwriter for the issue, said a total of S\$1.32bn (US\$630.7m) was received in subscriptions

THIS WEEK'S public share priced at \$\$5. Of this, 63 per offering by Singapore International Airlines was effectively offering in Singapore and 37 per action yesterday to allocate placement abroad.

The proportion in favour of the Singapore public was lower than previously expected, and showed how a dramatically falling stock market, hit by the near-collaise of Pan-Electric Industries last week, had dampened local sentiment.

THIS WEEK'S public share priced at \$\$5. Of this, 63 per cent from the public thus 3.1 times subscribed.

Those who applied for 5,000 shares or more in Singapore are sure to receive at least a proportion of the shares they sought. One in five applicants original offer, at least 50m for less than 5,000 shares will receive none at all, but those who were successfully ballotted abroad, with a decision on the balance to be taken according to be taken according to the terms of the shares or more in Singapore are sure to receive at least a proportion of the shares they sought. One in five applicants original offer, at least 50m for less than 5,000 shares will accive none at all, but those who were successfully ballotted for 1,000 shares yesterday will with a decision on the balance to be taken according to be taken according to the terms of the original offer, at least 50m for less than 5,000 shares will be to be taken according to be taken according to the terms of the original offer, at least 50m for less than 5,000 shares will be receive none at all, but those who were successfully ballotted for 1,000 shares yesterday will with a decision on the balance to be offered to successfully ballotted for 1,000 shares yesterday will with a decision on the shares or more to receive at least a proportion of the shares they sought. One in five applicants original offer, at least 50m for less than 5,000 shares with the proportion of the shares they sought. One in five applicants or less than 5,000 shares were to be offered to provide the proportion of the shares they sought. One in five applicants or less t

to be taken according to demand.

With yesterday's overall wo bid for more than 20 applicants sought im shares or more. Only two bid for more than 5m, one of them trying for 10m. Each of them trying for 10m. Each buy 53.8m shares, a total representing the agreed allocation, ceive 320,000, a high number, minus 6.1m shares reserved for faccording to one Singaporean selected SIA employees and stockbroker.

Indeed, as a result of the response and those shares in the hands of SIA employees overhanging the market, size-able quantities of SIA stock are likely to be on offer over the weeks, before trading state before trading starts

weeks before trading starts
around December 18.
According to some brokers,
foreign interest probably
accounted for a substantial proportion of the shares on offer in Singapore, but this will only become clear when share certificates are actually registered. Calculations show that, had

SIA allocated the 100m shares on a 75-25 basis in favour of the Singapore public, the effec-tive subscription would have been 2.4 times.

Lee Ming Tee

bid agreed

by Wormald

TWO AUSTRALIAN companies

vear of share raids by Mr Lee

Ming Tee, a Malaysian Chinese

now resident in the country, yesterday acquiesced to offers which they had previously viewed as hostile.

Wormald International, Aus-

tralia's leading fire protection and security group, said its board would recommend

board would recommend acceptance of a bid by Sunshine Australia, Mr Lee's night cor-porate vehicle in the country,

Meanwhile, Hooker Corpora-tion, a property group, said, it would "reluctantly" advise shareholders to accept a bid for

an influential 44 per cent stake by GSH Investments, owned by developer Mr George Herscu.

In August Mr Lee offloaded a 30 per cent stake in Hooker to

New Zealand interests after failing to secure agreement on a takeover.

The Wormald accord followed a variation by Sunshine of terms for its offer. As an alter-

native to its A\$4 a share cash bid, Sunshine will now provide a seven-for-four share exchange, currently worth some A\$4.23; per share. This values Wormald at some A\$343.3m (US\$235.9m).

Sunshine, which already owns

about 36 per cent of Wormald, is seeking at least 75 per cent. This is a relaxation of its earlier requirement for minimum acceptances of 90 per cent. and allows Hongkong Macao International Investment Company—

a group controlled by mainland Chinese interests—to retain its

Under the GSH bid, the whole Hooker is valued

Strong growth

By R. C. Murthy in Bombay

SALES AND profits of Tai:
Iron and Steel Compan;
(Tisco), India's only privat
sector integrated steelmake,
showed strong growth in the
half-year to September,
Revenue rose 16.53 per cen
to Rs 5.33bn (\$141.6m), an,
pre-tax profits surged 3.6 time
to Rs 685m from Rs 191.2m
This followed quadrupled
profits for the previous full
year.

9 per cent.

at Tisco

Kyocera earnings plunge 36%

semiconductor maker, yesterday announced a 36.1 per cent slide in consolidated net profits to Y11.95bn (\$59.4m) for the half-

year to September.
Sales were down 7.3 per cent
to Y145.57bn, and earnings per
share declined from Y124.69 to

The earnings fall was blamed accounting for 35 per cent of on a 5.4 per cent rise in the ratio of costs to sales, due to a declined by 26.2 per cent. higher proportion of unprofitable products in its sales mix and foreign exchange losses of Y632m. The sales drop was attributed to a slowdown of

Kyocera's overseas accounting for 50.7 per cent of total turnover, declined by 10.4 per cent. The aproportion of Kyocera' overseas' business demand for semiconductor com Kyocera' oversels busines ponents; its mainstay product year ago was 52.5 per cent.

NOTICE OF REDEMPTION



NOTICE TO THE NOTE HOLDERS OF 12%'S NOTES

DUE 6th FEBRUARY, 1995

Notice is hereby given that pursuant to the terms of the 121% Notes, US\$11,125,000 principal amount of $12\frac{1}{2}\%$ Notes has been drawn by lot by the undersigned, in the presence of a notary public, for redemption on the 30th December, 1985.

The said 123% Notes so called for redemption will therefore be redeemed on the 30th day of December, 1985 at 101% of the principal amount so called, plus accrued and unpaid interest to the date of redemption if applicable upon surrender of the said Notes with, thereto attached, all interest coupons, maturing 6th February, 1986, and thereafter at any of the following paying agents:-

- Manufacturers Hanover Limited, 7, Princes Street London EC2P 2EN.

Manufacturers Hanover Bank Belgium S.A./N.V.

Brussels Head Office, Rue de Ligne 13 B-1000 Brussels.

Manufacturers Hanover Bank Luxembourg, S.A. 39 Boulevard Prince Henri, Luxembourg.

Manufacturers Hanover Trust Company Stockerstrasse 33, 8027 Zurich.

Notice is also hereby given that interest upon Notes so called for redemption shall cease to be payable from and after the said redemption date, namely the 30th day of December, 1985, and coupons for interest maturing after the said date, namely the 30th day of December, 1985, shall be void.

The numbers of the Notes so called for redemption are: 02157 02380 03651 04057 00228 00743 01248 01951 02120 06457 07957 08553 10369 18743 10869 12843 13348 14548 17164 18361 18557 04748 05653 05882 04282 09682 12351 16957 09980 10062 08722 09631 12453 12482 12843 17064 17131 17164 12053 12061 10985 16131 16248 18569 19257

Also, all Notes of which the last two digits of serial numbers are any of the following: 10 17 37 42 54 68 84 88 89 90 94

The principal amount of 123% Notes outstanding after the said redemption date will be US\$19,455,000.

29th November, 1985

MANUFACTURERS HANOVER LIMITED Principal Paying Agent

Genossenschaftliche Zentralbank Aktiengesellschaft Vienna

Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th November, 1985 to 29th May, 1986 the Notes will carry an Interest Rate of 87% per annum. The interest amount payable on the relevant Interest Payment Date which will be 29th May, 1986 is U.S. \$208.97 for each Note of U.S. \$5000 Note of U.S. \$5,000.

> Credit Suisse First Boston Limited Agent Bank



The Financial Times announces a second intensive

FT-City Seminar

Skinners' Hall, London 27, 28 & 29 January 1986

This highly successful programme, itself a compact version of the long running FT-City Course, was held for the first time in January 1985 and is now to be repeated twelve months later. The purpose is to provide a thorough briefing on the roles of the major players in the City and discuss the changes now sweeping across the Square Mile. The impact of these developments on the way business is done in the City can now be judged more clearly and the content of the Seminar reflects this.

Mr Win Bischoff of Schroders, Dr Michael von Clemm of Credit Suisse First Boston, Mr Pen Kent of he Bank of England, Mr Christopher Johnson of Lloyds Bank, Mr John Heywood of Hambros Bank, Mr M J Boleat of the Building Societies' Association, Mr John Sillett of the Midland Bank Group and Mr Armen Kouyoumdjian of the International Mexican Bank are among the speakers. The Seminar is again to be chaired by Mr Marc Lee, Conference Adviser to the Financial Times.

Skinners' Hall provides an excellent location for this Seminar and the intensive format makes possible participation by many more executives from outside London and from abroad.



Complete and return to: London EC4R 9AX.

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Venture Capital Survey

Publication Date:

Copy Date:

3 December 1985

19 November 1985 The Financial Times intends to publish a Survey on Venture Capital. Subjects which will be

> For advertising details contact: Mark Lanigan FINANCIAL TIMES 16 Cannon Street, London ECAP 4BY

> > Tel: 01-248 8900 Ext. 4181

discussed include Management Buy-Outs, USM, Corporate Venturing, BES and sources of Finance.

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INTERNAT

\$250,000,000 U.S. Dollar Floating Rate Notes Due February 1994

For the interest period 29th November 1985 to 28th February 1986 the Notes will carry an interest rate of 7.63% per

annum with a coupon amount of \$192.87 per \$10,000 Note, payable on 28th February 1986.

Bankers Trust Company, London Fiscal Agent 透光经验 医多角畸形

US\$75,000,000
Perpetual Floating Rate Notes In accordance with the provisions of the Notes, NOTICE IS HEREBY GIVEN that for the IS HEREBY GIVEN that for the Interest Period from 29th November 1985 to 29th May 1986, the Notes will carry a Rate of Interest of 8 to per annum and that the Interest payable on the relevant Interest Payment Date, 29th May 1986, will amount to US\$424.22 per US\$10,000 Note. US\$10,000 Note.

HILL SAMUEL GROUP pic

Agent Bank: Morgan Guaranty Trust Company of New York

U.S.\$150,000,000 Floating Rate Depositary Receipts due 1992 Notice is hereby given that the Rate of interest relating to the above issue has been fixed at above issue has been fixed at 81c per cent for the period 29th November, 1985 to 29th May, 1986, interest payable on 29th May, 1986, will amount to US\$411.65 per US\$10,000 Deposit and US\$10,291.23 per US\$250,000 Deposit, Agent Bank:

Morgan-Guaranty Trust
Company of New York

Banco, di Roma

gan-Guaranty Trust spany of New York

- JAPANESE EQUITY WARRANTS SERVICE The Daiwa Warrant Index 1.838.97 Dollar warrant market value (1001-2 Jan 1985) Current Market Prices Offer Calculation (SSUER—Warrant Winn Share Prices)

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Reuters Monitor DABF /G/HIS/JIK — Further information from: Freedy Glock, Beverly Kelly or Edward Carturight on 01-236 6000 Dame Europe Limited, 14 St. Paul's Churchyard, London EC-848 880

U.S. \$100,000,000

First Bank System, Inc.

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate Interest Period

85/16% per annum 29th November 1985 28th February 1986

Interest Amount per U.S. \$50,000 Note due

28th February 1986 U.S. \$1,050.61

Credit Suisse First Boston Limited Agent Bank

U.S. \$50,000,000



All of these Securities have been offered outside the United States. This announcement appears as a matter of record only.

New issue/November, 1985



U.S. \$150,000,000

Texas Commerce Bancshares, Inc.

Floating Rate Senior Notes Due 1997

Salomon Brothers International Limited

Algemene Bank Nederland N.V.

BankAmerica Capital Markets Group

Bank of Tokyo International Limited

Barclays Bank Group

Chase Investment Bank

Chemical Bank International Limited

Crédit Agricole

Citicorp investment Bank Limited

County Bank Limited

Deutsche Bank Capital Markets Limited

Enskilda Securities

Credit Suisse First Boston Limited

First Interstate Capital Markets Limited

Dai-Ichi Kangyo International Limited

Goldman Sachs International Corp.

Hambros Bank Limited

Lloyds Merchant Bank Limited

Manufacturers Hanover Limited

Hong Kong Bank Limited

Mitsubishi Finance International Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A.

S.G. Warburg & Co. Ltd.

Merrill Lynch Capital Markets

Mitsui Finance International Limited

Mitsui Trust Bank (Europe) S.A.

Samuel Montagu & Co. Limited

Morgan Guaranty Ltd

Morgan Stanley International

Security Pacific Limited

Shearson Lehman Brothers International

Toyo Trust International Limited

Yasuda Trust Europe Limited

Union Bank of Switzerland (Securities) Limited



ČESKOSLOVENSKÁ OBCHODNÍ BANKA, A

DM 71,500,000

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in connection with a contract awarded to

Nuova Italsider S.p.A

Guaranteed by

SACE

Sezione Speciale per l'Assicurazione del credito all'Esportazione

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Grindlays Bank p.l.c., Kleinwort, Benson Limited Westpac Banking Corporation Hanca Commerciale Italiana of Canada Central-European International Bank Ltd. Société Européenne de Banque S.A.

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Banca Commerciale Italiana-Genoa Branch

Agent and Lead Manager

Société Européenne de Banque S.A.



INTL. COMPANIES & FINANCE

Bernard Simon on a private sector Canadian airline's expansion plans

CP Air prepares for deregulation

commestic air trame.

Canadian Pacific Air Lines, commonly known as CP Air, relaunched flights between Canada and New Zealand earlier this month after a break of 18 years. It has also begun a daily service between Toronto and Amsterdam. It hopes to start the first non-stop flights from Toronto to Tokyo next April and to Rio de Janeiro later in the year.

Next year the Vancouver-based airline is planning the first direct air links between Canada and South Korea, China, and Thailand - and perhaps

On the home front, CP Air recently acquired voting control of Nordair, a Montreal-based carrier serving Quebec, parts of Ontario and the Canadian Arctic, after a fiercely contested bid.

The company last year bought Eastern Provincial Airways, the main regional carrier in Atlantic Canada. It has also signed co-operation agreements with small commuter airlines in Ontario and British in Onta

CP Air has found itself in an awkward position as competition among Canadian airlines intensifies. On the one hand, CP Air and other private carriers contend that years of official favouritism towards. carriers contend that years or official favouritism towards state-owned Air Canada has placed high hurdles in the way of their efforts to raise market share. CP Air, as the only carrier in any position to challenge Air Canada's dominance in many key markets, has complained loudest.

On the other hand, CP Air smaller carriers hoping to

CANADA'S largest private sector airline is assertively expanding its routes and forging alliances with other carriers in a determined effort not to be thrown off balance by the accelerating deregulation of domestic air traffic.

Canadian Pacific Air Lines, commonly known as CP Air, relaunched flights between Canada and New Zealand carlier this month after a break sector wings as squeezed into a corner of the congested older terminal. Air canada however, points out in the defence that other airlines rebuffed its approaches to share air of Montreal and Pacific Western of Calgary, both regional airlines, agreed to create a national network by coordinating timetables, splitting routes and pooling aircraft. Quebecair, which is controlled by the Quebec provincial by the Quebec provincial government, has made a squeezed into a corner of the congested older terminal. Air Canada however, points out in the dispose of assets. Cana

co-ordinating timetables, splitting routes and pooling aircraft.

Quebecair, which is controlled by the Quebec provincial government, has made a counter-offer for Nordair in a bid to strengthen its own posi-tion in Quebec and Ontario. CP Air, a subsidiary of the Canadian Pacific transport,

communications and resources conglomerate, is the only Canadian airline besides Air Canada which offers flights across the country and abroad. Air Canada almost has a stranglehold on the most profitable routes in eastern and central Canada; CP Air's network has until recently centred on western Canada. The two carriers compete on the busy trans-continental routes between Toronto and western cities like Vancouver, Calgary

Advantages

The Government divides international markets between the two airlines. Air Canada services mainly the eastern US, the Caribbean, Britain and some other European countries; CP Air concentrates on the west coast, Far East, Latin America and a European service to Amsterdam and the Mediterranean.

The state-owned airline has traditionally enjoyed several advantages over its competitors. Besides its access to government funding, Air Canada has been allocated prime check-in posi-tions and aircraft gates at several large domestic airports. It has a spacious new terminal at Toronto Airport virtually shareholders equity. Mr Carty to itself, while CP Air is is concerned that the Govern-

cent and 30 per cant. Both are burdened by heavy debts and lacklustre operating margins (the legacies of the recession of the early 1980s), and by stiffening competition and the purchase of new aircraft. CP Air's net profit of C\$10.5m (US\$7.6m) in the first nine months of this year was due entirely to earnings from CP

months of this year was due entirely to earnings from CP Hotels, a wholly-owned subsidiary which owns, leases or manages 22 hotels in Canada. West Germany and Israel.

The airline has a fresh management team and a government in Ottawa apparently willing to step up the pace of deregulation. It is confident that it can fight back against Air Canada and improve its own financial performance.

Mr Donald Carty, the 39-year-

inancial performance.

Mr Donald Carty, the 39-yearold former executive vice president of American Airlines, took
over as CP Air's chief executive
last April. Proposals published
by the Government earlier this
year "give us all that we want."
he says.

The recommendations include

The recommendations include greatest freedom for airlines to greatest freedom for airlines to set their own fares and fewer curbs on new entrants. Mr Brian Mulroney, the Prime Minister, late last year ruled out privatising Air Canada for the time being. But financial discipline over the state-owned airline appears to have been tightened

A test of the Government's intentions towards Air Canada will be the method used to reduce its C\$1.2bm debt, equal to more than 70 per cent of

business travellers. The airline launched its "Attache" service a year ago—a business-class "airline - within - an - airline," which involves converting 11 of its 28 Boeing 737 aircraft on certain flights to accommodate only 62 passengers paying premium fares. Mr Carty says that bookings on long-haul Attache flights are "like a good restaurant on a Saturday night." But the airline has encountered presistance from business tesistance thom primess promium on full-economy fares for shorter flights, such as from Toronto to Halifax and Winnipeg.

Streamlining

CP Air is streamlining its fleet to provide frequency rather than capacity. A recent swap of four Boeing 747a for smaller DC10s from Pakistan International Airlines will increase the airline's cash flow by an estimated C512m a year. Twin-engined Boeing 737s, fitted with long-range fuel tanks. fitted with long-range fuel tanks, are used on several trans-continental routes, allowing CP Air to offer six flights a day between

Toronto and Vancouver. The planned non-stop Tokyo service and other new routes to the Far East are aimed at attracting to Toronto transit traffic from the north-east US and Canada, which presently passes through New York. CP Air already carries a substantial number of travellers between Latin America and the Orient via Canada.

Mr Carty also intends to mesh CP Hotels more closely with the airline's operations. The company plans to give up manage-ment or ownership of several a hotels outside the main centre. of Quebec and Ontaria, concentrating instead on upmarket properties in cities served by CP Air.

Ottawa and Vancouver are the highest priorities for CP Hotels, but Mr Carty also mentions the possibility of joint ventures with property developers in London, Paris and the Far East.



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THE MANAGEMENT PAGE

LIVERSEAL

THE DISTILLERS Company. Scotland's leading industrial group, has done as about face. During the last few weeks it has been conducting an aggressive corporate marketing campaign, talking to the City and its major shareholders. And yesterday it announced the appointment of Sir Nigel Broackes, chairman of Trafalgar House, the property, shipping and hotels group, as a matexecutive director, together with plane to theck materials. with plans to back next year's Commonwealth Games in Edin burgh with £1.3m of sponsor-

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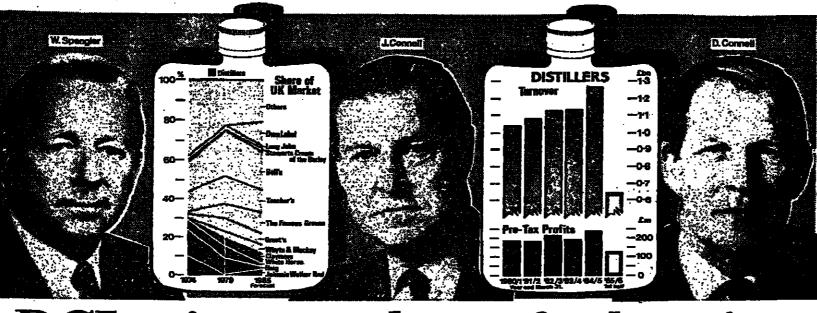
Over 15 years ago the group pulled in its corporate horns in the wake of the thalidomide tragedy, the consequence of a diversification into pharmaceuticals, which shoot the already reserved DCL to the core. But today, the company has found a particular urgency in explaining its track record in the troubled Scotch whisky in dustry. On Monday James Guiliver's Argyll group will be free under Takeover Panel rules to

launch a bid for DCL. It is not the first time the company has sensed predators at the gate—two years ago Hanson Trust, the industrial group, was among the companies rumbured to be considering a bid for DCL. At that point, DCL was causing profound alarm among its shareholders for what was felt to be its directionless, undynamic management, incapable of defending the company's brands against a rising

competitive threat.
Then with DCL's shares trading at around 260p com-pared with 500p today—the company was in some ways more vulnerable to a takeover For while Argvill, owner of Presto supermarkets (and smaller than DCL) has attracted a good deal of City support for its ambitions, DCL has become an expensive pro-position. Since August, takeover rumours have helped to push the group's market capitalisa-tion from £1bn to £1.82bn.

Hence the public relations exercise that DCL has been conducting over the past few

the management changes.



DCL tries to make up for lost time

The UK whisky group is going on the offensive. Lisa Wood explains why

management structure and rationalised production in a group whose maturing stocks of group whose maturing stocks of with Famous Grouse, rapidly whisky far exceed its current matched market share at DCL's needs. There is also an optimism that the worldwide market that the worldwide market the worldwide whisky to achieve substantial growth in the period was the lower-priced Claymore. Overseas, DCL was confronted by an enormous growth in the lower-priced end of the market.

group's whisky brands accounted for some 48 per cent of all bottled Scotch whisky sales. In 1984 DCL's share of a smaller market was 35 per cent. In 1973 DCL, with its major Johnnie

weeks. Instead of its traditional low key annual round of lunches in the City, DCL has fielded a platoon of its key personnel to mount aggressive, information packed one day presentations.

"A culture shock" proclaimed one City analyst after attending a presentation. Stockbrokers de Zoete and Bevan seid analysts would have to eat humble ple after getting DCL. system for domestic sales and the management changes.

Walker Red and White Horse brands, commanded 54 per cent of the UK market. Today it is less than 20 per cent.

The fall in UK market share is partly due to DCL's decision in 1977 to pull out of the UK market its top selling Johnny Walker Red Label blended that brokers de Zoete and Bevan seid analysts would have to eat humble ple after getting DCL system for domestic sales and the management changes. Rome.

I tower-priced end of the market.

The company decided not to enter this fray and points out for between 48 and 52 per cent of the bottled Scotch whisky market by value.

The company decided not to enter this fray and points out to enter this fray and Black Label whiskies and Tanqueray gin.

In the same year the group set up a Home Trade division in the UK to handle nearly all its drinks brands except gin.

Early this year Connell and Black Label whiskies and Tanqueray gin. Conspicuous by has been any mention of diversification, in spite of the group's strong cash flow, or of adventurous brand developments on the lines of those created by competitors such as IDV, the Grand Metropolitan subsidiary.

The company decided not to enter this fray and points out a today that DCL still accounts for between 48 and 52 per cent of the bottled Scotch whisky market by value.

These changes in the Scotch market in the early 1980s remarket in the early 1980s remarket and,

These changes in the Scotch market in the early 1980s resulted in falling profits and, faced with falling sales, the group was swamped with stocks of maturing whisky. In 1980 pre-tax profits were £195.3m, falling to £183.3m in 1982 and £180.8m in 1983.

In 1983 John Connell, formerly with DCL's gin division

merly with DCL's gin division, took over as chairman of DCL. His aims were to reform the entrenched management structure of the group, pull pro-duction more into line with de-

DCL's claim is that it has The withdrawal of the brand of two grain distilleries—in a also been helped by the arrival rapidly as heralded.

The withdrawal of the brand of two grain distilleries—in a also been helped by the arrival rapidly as heralded.

The Home Trade division is Spengler as deputy chief expression in the lost market share.

The withdrawal of the brand of two grain distilleries—in a also been helped by the arrival rapidly as heralded.

The Home Trade division is Spengler as deputy chief expression in the lost market share.

The Home Trade division is Spengler, aged 57, Home Trade division has a 22-as Pinns, which DCL defended.

Horse.)

In 1984 the group acquired Somerset Importers, the exclusive US importer and distributor of DCL's Johnny Walker Red and Black Label whiskies and

ment committee which was responsible for co-ordinating group strategy. Other operating tember to help formulate a de-committees beneath this, fence strategy against a pos-responsible for co-ordinating sible bid by Argyll.

Critics claim that the new tegies, were also disbanded. This latter action is judged

by DCL to be a key strategic move. It is impossible to dis-

mand and improve the market the growing, albeit small, maiting. A number of specific market earlier was that the measures followed:

In 1983 DCL announced the willing to take the decision as mothballing of 11 of its malt to which one of the group's 13 and long standing attitudes prewhisky distillers — some one malt brands to promote.
third of its total—and closure The shake-up inside I The shake-up inside DCL has

Arthur Bell, with its Bell's closure of the bottling and retired last year as vice chairbrand, and Highland Distilleries, blending plants at South Queenswith Famous Grouse, rapidly ferry, Edinburgh (VAT 69) and snatched market share at DCL's Mackie Street, Glasgow (White expense. The only DCL Horse.)

blended whisky to achieve substantial growth in the period stantial growth in the period stan who is not moulded in the tra-ditional ways of thinking," says David Connell, brother of the DCL chairman and now manag-

The second of the second of the second

strong team responsible for

UK marketing expertise and

ing director, who used to work at Unilever.

The first job of the team— which replaced a committee of

15 people which met only occasionally to discuss the UK

ted to the detriment of the middle-priced brands.

ing director of Johnnie Walker. There is speculation that the appointment was not the idea of the board—most of whom have spent their working lives with DCL—but that it came from Kleinwort Benson, the merchant bank which was asked in Sep-

Critics claim that the new structure and a new deputy chairman do not create a recompared with a market per-formance of 4 per cent in-crease." Critics point out that turnover on the brands in the same period has gone up by 6 volution. Spengler insists: "The move. It is impossible to onecover from DCL why it took so
long to change a structure it
admits was outdated.

It is understood that one of
the reasons DCL did not tackle
structure it sunderstood that one of
the reasons DCL did not tackle
week when short term profitchanges are getting under way and go right down the line. per cent in value. "While DCL claims substantial growth in the UK it appears that it is buying ability was bolstered by a nummarket share. It is too early to suggest that it has returned to underlying trends in the market a genuine growth tack," and long standing attitudes prevailing in the group did not kenzle, the Edinburgh-based appear to have changed as stockbrokers, says.

rapidly as heralded.

The Home Trade division is

does not explain why between 1969, when DCL acquired it. and the early 1980s, the brand was not properly promoted. This year advertising was boosted to £750,000 with the result that sales are up 20 per cent, albeit from a low base. Worldwide, DCL contends that it has pioneered new markets for brands such as Gordon's

sively cites against criticism of its lack of new brands. This

gin. In France for example the gin market has traditionally been small. Five years ago DCL started seriously to market its Gordon's brand there and today the market has doubled in size with Gordon's the number one

DCL has also reacted more positively to the growing mar-ket share of cheaper own-label whiskies, a trend identified by Guinness in its successful bid for Arthur Bell.

This year DCL started sup This year DCL started sup-plying an own-label brand to Tesco. "It makes a small but worthwhile contribution to our overheads," says David Connell. "The market exists so it is better to supply it than ignore it and we have the stocks." Johnnie Walker, the mo

dynamic company in the DCL stable, is taking a similar tack overseas. In France it recently introduced a new label, Grassy Green, pitched at the large cheaper end of the French day-to-day marketing, three-quarters of whom were re-cruited from outside DCL.
"There has been an infusion of has had considerable problems."

it is now possible to initiate longer term planning for DCL brands in the industry's biggest there is a clear commitment to new business development," says David McNair, the marketmarket where Scotch sales have fallen.

Corporate planning is to be Spengier's responsibility. "We have set achievable growth goals for our own business," he says. We are looking at the possi-bilities of acquisitions but we do not want simply to get big-ger. We want growth opportuni-

trade — was to prevent DCL's plethora of brands competing against each other in a blended whisky market that has segmenties."

Certainly DCL is quoted in the Elders IXL offer document for Allied Lyons as having an impressive 18.3 per cent trading margin last year com-"The first year was tough," says McNair," with sales down.
But our Scotch sales are 13 per cent up in volume this year pared with 6.4 per cent for Allied's wines, spirits and soft drinks division. But such com-parisons are fraught with difficulties such as the fact that whisky is matured over a long period while soft drinks are instantly marketable, so financing costs are therefore much greater. It is a debate that is likely

to figure large in the next few months if Argyll makes a bid. And the battle will be even bloodier than that between Bell, DCL's major UK competitor, and Guinness. In the case of DCL the future of Scotland's largest and best bred industrial

Management abstracts

Evaluating merger perform-ance, A Michel + I, Shaked in California Management Review (US), Spring 85 (9) pages)

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Argues that mergers are justified only if they will make profits greater than the sum of those of the original companies (synergy), but sees an increase in conglomerate mergers where the objective is risk reduction rather than synergy. Presents survey results of the relative gains to merging companies and changes in risk characteristics/ operating results. Finds, for example, that shareholders in acquired companies do better than those in acquiring com-panies, and that there is little difference in post-merger profitability between acquiring and comparable non-acquiring com-Danies.

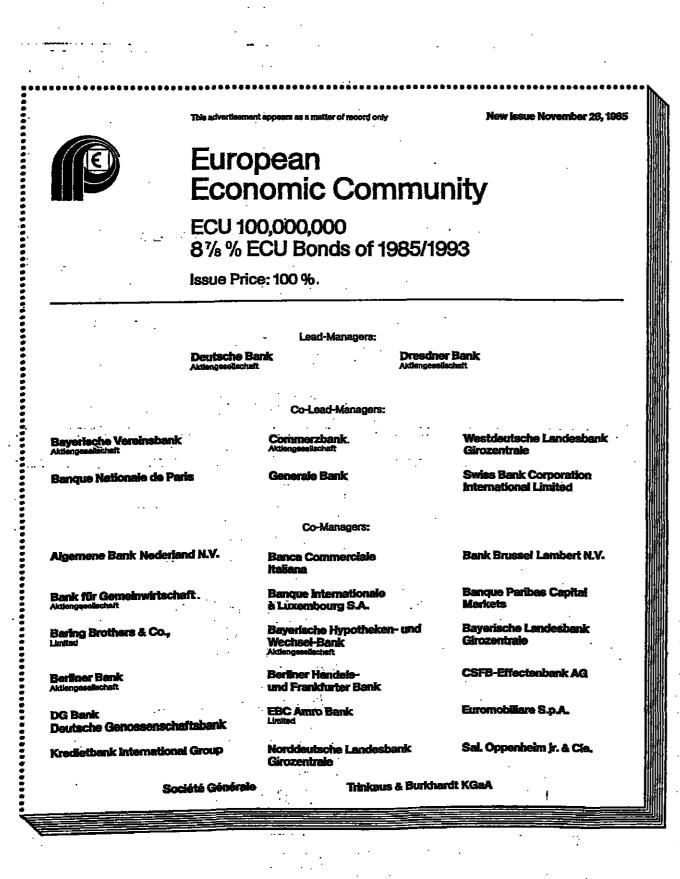
Corporate weapons against terrorism. M. Harvey in Busi-ness Horizons (US), Jan/Feb 85 (6 pages)

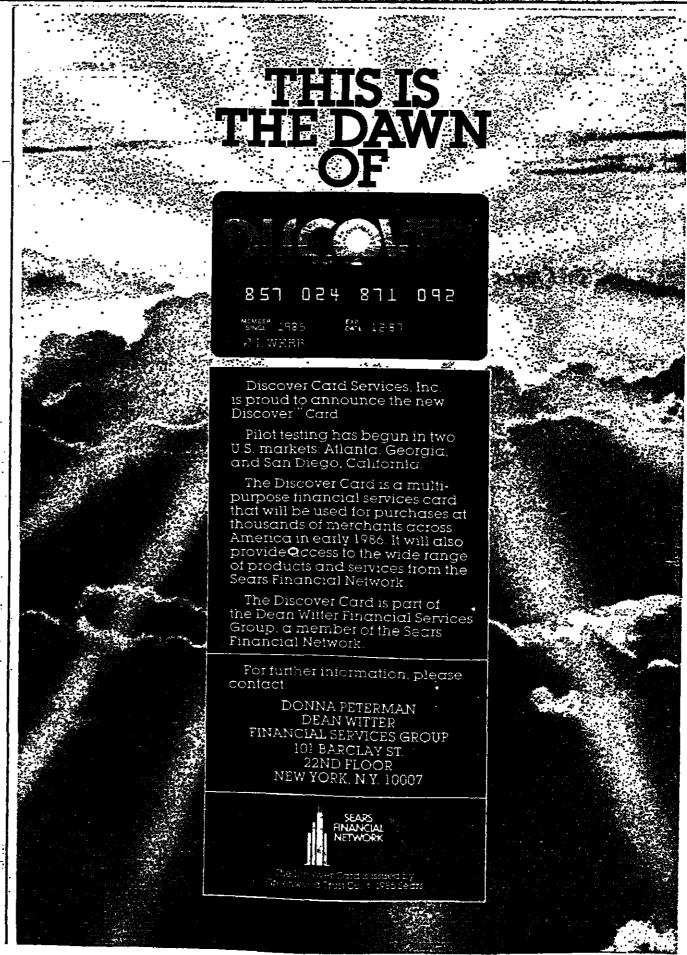
Argues that the best way of countering terrorism would be for multinationals to form a "trans-corporate security co-operative"; explains how this would be organised and dis-cusses the roles to be played by groups responsible for intelligence and political analysis, financial planning, executive and family training, deterrent analysis, crisis management, and family counselling-not forgettig security audits. Suggests that paramilitary groups and freelance agents should be on a retainer but not on the staff payroll.

Effective and profitable export management. T. Prebble in Focus on Physical Distribution Management (UK), May/ June 1985 (2) pages)

Contends that offering delivered prices to overseas customers results in increased market penetration, reduction in working capital, and more in working capital, and more effective credit control and collection; notes that larger companies or groups of companies can make savings by taking full advantage of VAT legislation by channelling exports through an export company; stresses the advantages of computerising the export function.

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THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC looks to its own backyard

velopment group, its enthusiasm Walkkiki Trade Centre, Hawaii, termined to build and own look at the remaining 29 prorency fluctuations which can rob it of £2m in pre-tax profits. True, the currency movements which knocked the gilt off the 1985 gingerbread had the reverse effect on assets and earnings in the previous year. Even so, the mid-summer acquisition of English Property Corporation leaves the UK portfolio accounting for 68 per cent gings in the prospect of some mammoth disposed of its two office builds the prospect of some mammoth convinced that they did the right thing. Christopher Benthal we will have to join up with others if we are to win of the projects in the pipe-line."

There are plenty of goodies left in a US portfolio worth first two phases of the Colonnate of the projects which might lie ahead, the group has been competing for the Benthal Render of the prospect of a jointly-funded at the prospect of some mammoth convinced that they did the origin thing. Christopher Benthal we will have to join up with others if we are to win some of the projects in the pipe-line."

In two notable examples of the colonnate of projects which might lie ahead, the projects in the pipe-line."

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In two notable examples of the group has been competing for the Benthal Render of the projects which might lie ahead, the projects in the pipe-line."

There are plenty of goodies left in a US portfolio worth in two notable examples of the scale of projects which might lie ahead, the projects in the pipe-line."

In two notable examples of the projects which might lie ahead, the projects in the pipe-line."

There are plenty of goodies left in a US portfolio worth in two notable examples of the projects which might lie ahead, the projects in the pipe-line."

In two notable examples of the might lie ahead, the projects which might lie ahead, the projects in the pipe-line."

The most exciting redevelopment in the projects with others of the projects in the projects with others of the projects with the provided that they did the disposed that they did for summier climes must inevit- to show a loss on the original

accounting for 68 per cent rather than 58 per cent of the group's global property assetsand that is how the balance looks set to stay.

MEPC has some excellent management and some impres-US and in Australia and a tough time on the currency front will not change that. But the group appears increasingly hemmed in by a legislative straitjacket in Australia and has also been pruning its investments in the US, where its recent activities have met with mixed results,

In Australia, where its property assets are now down to 125 per cent of the group portfolio, MEPC has been smarten.

THOUGH MEPC likes to think 123,000 sq ft office development of itself as a fully-fledged, international investment and de- In the US, it has sold the MEPC: "We have always de- investment has gone but a close

In addition, the US portfolio

neapolis, two good shipping centres in Rochester and Las Vegas and a disappointing office to start in 1987-88.

ing up Austore Property Trust, the high-yielding, low quality mitted to UK work over the retail unit trust group in which of our of the more colourful and predictable casualties of the predictable casualties of the clear-out is the Magic Mountain Leisure Park at Surfers Paradise, Queensland. Elsewhere, the group has also bought a considerably better. Income and there is a further £125m committed to UK work over the next seek uplift will show through next year.

The EPC portfolio also brought with it built-in tax brought with it built-in tax clearly gearing to the idea. MEPC would be income from Corporation Tax which also hold out the potential for property sales free of the group has also bought a future. worldwide total of £132m and there is a further £125m com-

everything we create. But with perties has left the new owners

could cost up to £200m. MEPC, includes 1m so ft of soundlyit appears, may have lost this
performing floorspace in Minone but it is to partner Tunbridge Wells council in a £100m shopping centre scheme likely

building in Denver. Given its strong shopping centre management team, the US business would like to get its teeth into another mall but it is in no hurry.

So it is to the UK that MEPC-watchers seeking action and results will increasingly have to look.

The group's current capital The group's current capital ducing lost rental income from programme in the UK now £2.6m to £300,000, and making stands at around £95m out of a the initial purchase terms look considerably better. Income and

House, along London Wall, a building which EPC was itself seeking to redevelop at the time of its takeover. MEPC is drawing up two alternative plans for the 1960s office tower, one comprising around 200,000 sq ft of floorspace and the other, which could involve a platform over Wood Street and up to 300,000 sq ft of accommodation. Benson says: "The applications will be submitted in January and if we get our first plan through, we are in the £1 seats. If the second goes ahead, we are in the £2

There is even a suggestion in the air that part of London Wall itself could bet bridged

Rents go on rising

UR COMMERCIAL rental values grew at their fastest rate for over four years in the six months up until the begin-ning of November, according to the Investors Chronicle Hillier Parker rent index. The index showed an average growth rate over the six-month period of 8.1 per cent, against 7.6 per cent in the previous half-year.

• Tesco Stores has won a three-year planning fight to build a store in Melton Mowbray, Leicestershire. The goahead from the Department of the Environment enables the developers. Aslody Storage and Haulage, to open up and develop the balance of their land, which extends to 40 acres. Smith Melzack represented the developers and will let the entire estate. Healey & Baker acted for Tesco.

• London and Edinburgh Trust will in January submit plans for a 1m sq ft Brent Cross-style retail centre on 54 acres of Green Belt land near Hook, in Surrey. The complex would include a 225,000 sq ft would include a 225,000 sq ft
Marks and Spencer store, a
100,000 sq ft Tesco store and
major stores for British
Home Stores and Boots.
Elmbridge borough council
intends to consult with neighbouring authorities who
would be affected by the
massive development. Two
other planning applications other planning applications for the site have already been

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BY DIRECTION OF

Grenville opens up the shop

MERIVALE MOORE, the business originally set up by solicitor Greaville Dean to supplement his income while working as company secretary to second the big uplift. Turnover for the big uplift.

£3m and will pave the way for the £1.6m purchase of Won-ham Properties, the private in the property investment company range. owned by Lord Howard de Walden and his family.

Walden and his family.

The deal will leave De Walden, one of London's biggest landlords, holding around 10 per cent of Merivale's equity and just might lead to a progressively fruitful relationship between the two

Merivale, which is also raising £2.7m via a mortgage debenture issue to the Prudential, was set up by Dean in 1961 to refurbish and convert small houses and flats in Ken-sington. By 1970, he was con-fident enough to leave Smiths and to devote all his time to

building up the business.

Now, Merivale Moore has a thriving residential development and residential and commercial investment business

Exchange listing.

Merivale, in which Hill dential and commercial is not Samuel holds about 25 per cent of the shares. is coming to market via a placing of around 20 per cent of the equity. The exercise should raise about ment arm still specialises in the company's residential develop-ment arm still specialises in the conversion of flats and houses in Kensington and Chelsea, soli-in the £90,000 to £170,000 price In terms of residential invest-

ment, the company is well exposed to one of the most controversial sectors of the market, the ownership of tenanted houses and blocks of flats. largely located in London and East Anglia. Apart from an estate of 60 houses in Suffolk, there are 345 other tenanted units, most of them in blocks of flats and held on long leases.

The tenanted properties are purchased at a material dis-count on vacant possession values and, although initial yields are low, there is steady rental growth and many of the company's properties now show returns of 10 per cent and

When a flat or house becomes vacant it is sold, usually after being modernised.

to build up a useful commercial investment portfolio, partly to reduce its dependence on the residential sector and to generate a useful rent roll. The portfolio now has a market value of £8.2m and has two significant developments cur-rently underway. A £2.8m office and shops scheme is being developed at Gloucester Road in west London and there is a 32,000 sq ft, joint-venture office project in hand at Borehamwood, Hertfordshire.

The company expects an increasing proportion of its assets to end up in commercial property and the acquisition of Wonham will help it along the way. The de Walden company brings with it a 6,000 sq ft office building in Bentinck Street, W1 and a 6,500 sq ft office investment in Maryle-bone High Street. They are both fully let and there is an aggregate, annual rent of £168,000.

Dean says the flotation will The company expects an in-

Dean says the flotation will raise finance for expansion and enable some existing shareholders to realise part of their investment: "It all started off as a part-time interest but we survived the collapse of the with net assets standing at 12.17m and split roughly between the three, At the last year-end they stood at only £8.7m but stantial income stream with the acquisition of Wonham good gross profit margins, the property sector's gain.



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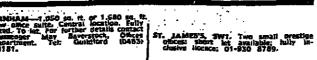
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ondon EC3N 4DA; em Bank Limited, 2 Waring Street, Belfast BT1 2EE; Chrisadele Bank PLC, 30 St. Vincent Place, Glasgow

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printed on the forms. Fuller details of the dividend may be obtained from the above named banks on and after Certificates will only be accepted for exchange after 30 December provided a idende declared prior to that date have been claimed.

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Due November 1996 NOTICE IS HEREBY GIVEN that for the period November 29th 1985 to February 28th 1986 the notes will carry an interest rate of 816 per cent per annum. Interest payable on 28th February 1986 will be US\$1,050.61 per US\$50,000 note.

> Chemical Bank as Agent Bank

데데르 ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED (Incorporated in the Republic of South Africa) egistration No. 01 05309 06 Dividend No. 113 on

hydred No. 113 of three per cent for the str months ending December 3 985, has been declared payable a structure of the corporate of the Corpo secretaries on or about January 27
1985.
Registered stockholders paid from
the United Kingdom will receive the
United Kingdom will receive the
United Kingdom corrency equivalent
on December 23 1985 of the rand
value of their dividencia (less approprinte trans). Any such stockholders
may. however, elect to be said in
South African currency, provided that
the request is received at the obsess
of the Corporation's transfer secretaries on or before December 20 1985.
The dividend on stock warrants to
beard will be payable to persons
presenting coupon No, 114 detached
from such warrants, only at the
Coupons Decograment of Hill Samuel &
Coupons Decograment of Hill Samuel &
Coupons Decograment of Hill Samuel &
Coupons The Receive rate of the Coupons
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PETRONOR LOAN OF US\$15.000.000 812% 1971/1985 1971/1986

We inform bondholders that the US\$1.500,000 redemption installment due on Detember 30. 1985 was partis me to yourclases in the market, and the semantial of the remainable of the rem Prilabor recalled that the following polys previously drawn by lots, have not yet been presented for recalled that 15.11.1983: 7911 to 7920, 8036 to 8051, 8056 to 8071, 8025 to 8058; to 10158, 10209 10212, 10351, 10358, 10359, 10318, 10348 to 10439, 10511, 10438 to 10439, 10511, 10438 to 10439, 10511, 10438 to 10439, 10511

REFINERIA DE PETROLEOS DEL NORTE S.A.

ANNOUNCE THE FOLLOWINGS—
It has been determined at a Board Meing held on 2 ist November 1985, It
the interfin dividend for the veter end
31st March 1985 shall be paid to shar
holders of record at 2.50 from Sections
1985 at the first of 2.50 from Sections
on or after 16th December 1985.

Amount not yet retre-fourteenth installment US\$2,200,000 The The Fiscal Agent C, ITOH & CO. LIMITED

OVERLOOKING BERKELEY SQUARE

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Redland boosted by UK activities

made good progress over the first
six months and helped the group
offset lower contributions from
both its overseas operations and
AGM that they do not expect a

its associates.

The half year to September 28 (£108.2m in 1384-85) but that UK saw group turnover rise from there should be some improvement at the earnings level £49.6m profits improve by £2.4m to after extraordinary debits of £50.7m, an increase of some 5 per £9.7m).

Cent.

In view of the earnings performance (up from 12.9p to 11.2p) the net interim dividend industry and a fuel distributor.

14.2p) the net interim dividend is being raised by 0.3575p to 3.9325p per 25p share.

Trading in the second six months showed an improvement of £3.5m at £56.8m. The months in the UK has started well and, in the absence of a repetition of last year's exceptionally bad weather, the directors say profits will show an increase over the comparable period.

In West Germany, Braas & Co is still experiencing the effects of reduced demand but there are indications that the outlook is more stable.

Redland Worth Corporation is continuing to trade strongly and Monier's activities in both Australia and the US remain industry and a fuel distributor. Operating profits for the first six months showed an improvement of £3.5m at £56.8m. The UK contribution rose from £57.7m to £32.8m but from overseas profits fell by £0.6m to £12.9m. The associates chipped in £10.9m. The associates chipped in £10.9m. Interest charges rose from £5m to £6.1m but tax fell by £1m to £33.3m. compared with £29.9m. Minorities accounted for a same-again £2.9m.

Retained profits emerged at £22m (£19.3m) after taking account of dividend payments of £3.4m (£7.7m).

The majority of overseas sub-

	Half-year Sept. 1985 (£m)	Haif-year Sept. 1984 (Lin)	- Ç#
urnover			7
K	271.4	248.1	Æ
versaes	150.4	189.6	
ssociates	182.1	127.3	¥
			
	603.9	565.0	
perating K			* * * * * * * * * * * * * * * * * * *
K ~	32.8	27.7	
verseas	12.9	13.5	34
ssociates	11.1	12.1	
terest	6.1*	5.0*	A
re-tax	50.7	48.3	
ax.	17.4	18.4	40.
inorities	2.9+	2.9*	
ttributable	30.4	27.0	

Mr Colin Corness, chairman of Redland

sidiaries and associates draw up companies are for the half year

7.7

19.3

Weir sells stake in pump maker

per cent stake in the Nottingham-shire-based pump maker, Worthington-Simpson to Dresser Industries of Dallas, Texas, for £5.32m. Dresser bought the other 50 per cent earlier this year from McGraw-Edison.

Weir is already associated with Dresser in a joint venture arrangements under which they supply pumps to the US market. The sale will not affect that

The proceeds of the sale will be used to reduce borrowings, which in the year to December 28 1984 had risen from £14.58m to £18.97m, mainly as a result of the buying of a 28.2 per cent stake in Yarrow at a cost of £15.5m.

In the year Weir's accounts showed pre-tax profits of £920,000 and an associated tax charge of £340,000 attributable to the Worthington - Simpson invest-ment. It carried a value of £5.52m in the balance sheet.

Dividends received from the company during the year totalled £390,000.

Worthington had increased its profits by 50 per cent in what Lord Weir, chairman, described

as difficult conditions.

He added that during the present year the group intended to make further progress in shifting resources to areas of the engineering industry where prospects for growth were better.

The purchase of Yarrow stake was said to be an important step in these moves. Yarrow is a maritime designer and maker of largely in summer trade. electronic control systems.

Dawson's markets 'buoyant'

£127.28m. With earnings per share 18 per cent at 6.6p (5.6p) the interim dividend is raised from 1.73p to 1.9p, after taking into account the one for two scrip issue last June. A total of 5.412p (adjusted) was paid last time. was paid last time.

Mr Miller adds "the success of the company's marketing efforts has secured increased

customer acceptance and a num-ber of companies have been rising pound has so far been operating at or near to capacity neutral: Dawson covers most of

Dawson International, the Scottish knitwear manufacturer, has increased taxable profits by 16 per cent to £14.6m in the half year to September 30 1985.

Mr R. Miller, the chairman, says that markets were particularly buoyant and higher sales were recorded in almost every one of the group's 26 companies. Turnover for the half year showed an increase of over £18m, or 14 per cent, from last year's £127.28m.

With earnings per share 18 per comment

22.0

comment An army of tourists buying Scot-An army of tourists buying score
tish sweaters, strong demand in
most world markets for luxury
knitwear, and a shift in its product mix towards higher margin
cotton and cashmere goods have
ensured an excellent first half
for Demand. The affect of a

directions during the 12 months;

On the wholesale side, the company has introduced new terms of trade to improve competitiveness, and is factoring a full range of soft drink and sides.

its currency exposure, and as it uses average exchange rate to translate foreign profits, the rate for the first half was barely rate for the first half was barely changed from last year's rate. However, a sharply weaker dollar during the second half would depress sterling profits from Morgan, US thermal underwear subsidiary, while a dwinding flow of tourists to Britain would also affect demand. These are solitary clouds in an otherwould also affect demand. These are solitary clouds in an otherwise bright picture. Capacity, increasingly a constraint on growth, is now being extended, a major programme is underway to expand Pringle, fur fabrics, KSW and Morgan. The balance sheet is exemplary, and despite record capital expenditure, cash balances at year end are likely to be higher than at the outset. Profits for the full year of £39.5m would imply a fair p/e ratio of 12 at yesterday's share price of £20p.

Morland up at £2.4m despite poor summer

ALTHOUGH directors say the the summer weather was consistently affected the short-term results, unhelpful and sales consequently the company has made good probelow best expectations, Morland gress in several important & Co, Abingdon, Oxfordshire-based brewer and soft drink manufacturer, reports an in-crease in pre-tax profits from £2.18m to £2.39m for the year ended September 30 1985.

At the interim stage profits were ahead from 1926,820 to 11.03m from turnover of 18.22m (£7.47m)—for the full year turn-over reached £16.84m, against

profits for the whole year would be largely influenced by the

Bolton Textile makes progress to £111,000

Pre-tax profits of Bolton Textile Mill Company increased from £93,000 to £111,000 for the year ended April 30 1985 despite losses of £93,000 from companies which ceased trading during the which ceased training during the year. Turnover amounted to £12.91m, against £15.51m.

After tax of £4.000 (£9,000 credit) earnings per 5p share are shown as 1.17p (1.11p) and again there is no dividend—the last paid was in 1982.

At the interim stage profits ciders.

were ahead from £926,820 to £1.03m from turnover of £8.22m (£7.47m)—for the full year turnover reached £16.84m, against over reached £16.84m, against The directors then said that profits for the whole year would be largely influenced by the summer trade.

They now say that although ciders.

The directors add that Morthag and there is no dividend—the last shown as 1.17p (1.11p) and again there is no dividend—the last paid was in 1982.

There was an extraordinary debit for the period of £105,000 (£758,000) which mainly compared with £860,000, earnings paid was in 1982.

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There was an extraordinary compared with £860,000, earnings per sp snare are shown as 1.17p (1.11p) and again there is no dividend—the last paid was in 1982.

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1984

TKM calls for £12.6m to reduce borrowings

(Holdings), the motor dealer-ship and property group, is raising £12,6m by an issue of convertible preference shares so as to take advantage of discount granted for the early repayment of its bank borrow-

The company will issue 32.28m new 8.5 per cent convertible cumulative preference shares of 20p each at 40p per share on the basis of three new preference shares for every 16 ordinary held TRM's shares rose 2p yesterday to 67p.

Industrial Equity (IEL Group, the Australian invest-ment group which is con-trolled by Mr Ron Brierley, a New Zealand businessman, will take up its proportion of the new equity.

It has underwritten the balance of the issue for no commission but the relative price of the new and existing shares mean IEL is not expected to take up any additional shares and will remain with a 62.25 per cent stake in TEM. in TKM.

IEL emerged as the con-trolling shareholder in TKM last June when it bought 53m newly issued shares for £12.7m in an operation which doubled TKM's share capital. IEL had built up a 25 per cent holding over the previous three years.

At that time TRM rescheduled its borrowings, which amounted to £48.3m. Repayment in full before July 1986 would lead to a discount of £7.7m, it was

agreed. The £12.6m net raised by the latest rights issue and the £2.4m discount they generate

will be used to cut TKM's debts by £15m.
On the basis of the strengthening of its balance sheet which will result from the debt repayment TKM plans to negotiate a new loan facility by June 30 1986, repay the balance of its long-term borrowings and obtain the full discount.

TRM forecasts that pre-tax profits would fall to about f4m in the year ending December 1985 from £5.2m in 1984. This decline is the result of significantly increased trading losses from the North American property division. Automotive prufits division. Automotive profits are expected to improve.

IN THE MIDST of a renewed

The occasion of his re-

from a James Bond movie, claimed to be establishing a network of spies around the world on behalf of the Seychelles government.

But tucked away in the final paragraph of the DTI's Press

Royal Bank's 27% rise confirms merger success

Royal Bank of Scotland yester-day confirmed the success of the recent full merger with Williams & Giyn's and moves lato mer-chant banking and motor insur-ance with a 27 per cent rise in full year pre-tax profits to £168.3m.

One main factor behind the larger than expected increase, despite sharply higher bad debt provisions, was profits from foreign currency dealing which came to nearly £20m. The bank attributed this to wide spreads charges by its dealers in volatile market conditions.

The final is 6p, making 9.6p for the year ending September

30, and representing a 19 per cent increase on the 1983-84 total dividend after adjusting for cent increase on the 1983-84 total dividend after adjusting for this year's rights issue. Earnings per share give a cover of 3.7.

Although full tax of 571.6m has been provided for, the bank does not expect to pay any mainstream corporation tax in the current year. This is a consequence of the volume of leasing business being undertaken to make use of the 50 per cent first year capital allowance before it is withdrawn on March 31.

Costs of merging Williams & Glyn's, which included changing its name, are estimated at film inclusive of frm spent on staff. The bank, however, expects the costs to be recouped quickly, in particular because of the curtailing of duplication of data processing and central management functions and rationalisa-



The Charterhouse Group merchant bank put in a "creditable" profits performance since its acquisition for £155m in January. Profits during the year post-acquisition came to £9.6m.

The bank says the move into motor insurance in the spring in a venture in which it bears the underwriting risk has been successful. Policies are being sold at a rate of 300 a day, although this is still about 25 per cent below target.

Growth in current accounts, stimulated by the offer of free-if-in-credit banking, slowed down to 10 per cent. But the bank has been able to maintain the proportion of its sterling funds which come from current accounts (on which no interest has to be paid) at 18 per cent. Most banks have suffered from depositors switching to interest-paying accounts.

depositors switching to interest-paying accounts.

Royal's mortgage portfolio rose to 5500m by the end of the year. And the value of personal unsecured lending, which has exceptionally high profit margins, was slightly greater.

exceptionally high profit margins, was slightly greater.

Bad debt provisions rose from £38.5m to £47.7m, reflecting continuing difficulties faced by UK corporate borrowers despite the high rate of economic growth. Profits from international activities, excluding foreign currency dealing, were

Century Oils recovery continues

THE STRONG progress seen in the second half of last year continued into this for Century Oils Group. With the effects of the miners' strike behind it, pretax profits of £2.51m were reported for the six months to September 30 1985, against £148,000 last time.

The recovery was marked by

The recovery was marked by an increase in the interim payment from 1p to 1.5p, with part of the rise intended to reduce disparity between the two pay-

ments.
Turnover for the Stoke-on-Trent-based maker of lubricants and allied products improved by 22 per cent to £44.37m, against the comparable £36.45m. Earnings per 10p share came out at 5.61p (1.08p).

Mr Charles Mitchell, chairman, Mr Charles Mitchell, chairman, says that turnover and profits redect a resumption of more normal trading within the UK mining sector and with continuing progress in the other areas against a credit last time of of operation. The corresponding figures were hit by the costs of maintaining full services to customers during the strike.

Last year the full year taxable earnings came to £1.2m. from strate clearly the benefits of

which a dividend of 3.5p was Mr Mitchell adds that profits were helped by last year's cost cuts. The reorganisation of the US operation continue but it is not expected that the full benefits will be seen until next

The geographical and product bases were extended during the period and improvements in customer services introduced.

The board is confident that with
the removal of exceptional
factors which affected trading in
the last few years, the company will be better placed to meet its

Operating profit came out at £3.32m (£943,000) to which was added other income of £56,000 (£41,000). The pre-tax figure was struck after interest charges of £865,000 (£336,000). The tax charge was f1.08m, against a credit last time of f111,000,

the end of the miners strike. The year to March was the worst for the company since worst for the company since 1978 as the costs of producing and distributing its lubricants and fire resistant fluids to the NCB remained in place but the profits did not. The story in this half is of the recovery of NCB demand—about a quarter of Century's output goes to the mines. However, as use of the company's products depends directly on the number of machines employed cutting coal, there will never be a complete machines employed cutting tool.
there will never be a complete
return to pre-strike normality.
Outside the UK the company
has experienced strong falls in
sales in Africa and the stronger
pound has weakened the overseas contribution to under half
the text. The shares steadied seas contribution to under nate the total. The shares steadied at 90p, the high for 1985, on these good figures and the expectation is that a record £5.5m should be achieved this year. With a 43 per cent tax rate the shares are on an prospective multiple of 7 which is on the low side even if the company is rated, nerhaps more properly, rated, perhaps more properly, along with the engineers rather than the oils.

(' ' Y'

S Section

Valoring Start

Maria Sections

Self regulation Raper style was engaged in a long term



RECORD PROFITS IN YEAR OF MERGER

	£m	£m
PROFIT BEFORE TAXATION		
The company and its subsidiaries	158.7	117.6
Share of profits of associated companies	7.6	13.7
	166.3	131.3
Earnings per 25p ordinary share	35.7p	30.5p*
Dividend per 25p ordinary share	9.6p	8.1p*

☆ Pre-tax profit increased by 27%

★ Earnings per share increased by 17%

"Adjusted for the effects of the nights issue in February 1985.

☼ Dividend increased by 19%

The Report and Accounts for 1985 will be posted to shareholders on 12 December 1985.



paragraph of the DIT's Press release accommanying the re-port is the key sentence: "On November 26 1985 the Milbury inspectors were appointed under Section 442 to investigate the membership of Westminster in light of more recent events." What this means is that the latest dispute over Raper's alleged asset-strip of Milbury Homes — which blew up this summer — will now be looked at with an eye on relationships formed at the time of the original Westminster row, including that with Mr Terence Furey, whose company Crinkleished.

The report focuses on Mr Withers, whom they conclude "was probably acting for the benefit, and on the instructions, of a third party. In all the circumstances our view is that this Furey, whose company Crinkle-leaf has featured in this year's

row.

Even before the 1983 wrangle,
Mr Raper was already wellknown as a City bad boy as a
result of his acquisition of St
Piran in 1980. The Take-Over
Panel described him as "unfit to
be a director of a public company," and froze St Piran's share
licting Mr Raper struck back by des-

cribing the panel's actions as "disgraceful" and of acting like a "Star Chamber." A DTI a "Star Chamber." A DTI inquiry backed the panel and callen on the Trade Secretary. Mr John Biffen, to wind up St Piran. He declined to do so, provoking outery from the Stock Exchange that self-regulation could not work, paradoxically, suless it got the proper statutory back-up. statutory back-up.

In February 1983 Raper struck again, He had already built up a 29.9 per cent stake in the Westminster Property Group the maximum allowed under Take-Over Panel rules before you have to make a bid-and was negotiating with Mr David Kirch, a Jersey-based property developer, to acquire another 15

> LADBROKE INDEX 1,127-1,131 (-6) Based on FT Index Tel: 01:427 4411



latest DTI report on the business activities of Mr Jim Raper (left)

board of Westminster requested board of Westminster requested an enquiry into whether St Piran had acquired more than 30 per cent without making a full bid. It is the result of that enquiry—by the two DTI inspectors, Mr Bryan Welch and Mr Francis Pulling—which have now more than two years later been published.

cumstances our view is that this third party is likely to have been Saint Piran or some person con-nected with that company." Mr Withers—through his solicitors—told the inspectors that their conclusions were "unfounded, wholly incorrect

and erroneously conceived."
What aroused their suspicion about Mr Withers was that a man who on his own admission knew little about the stock market should disregard the advice of his stockbroker—Mr Brown of Heary Cooke Lumsden
— and spend over £300,000
acquiring nearly 1m shares in
Westminster. They also asked him about two

separate payments of £200,000 into his Barclays Bank account, first from a Zurich bank and then from a Geneva bank.

The source of the two payments was explained in a letter from his solicitors which claimed from his solicitors which claimed that he had been instructed by a Mr Brian Burns, a person acting on behalf of the government of the Seychelles, to establish a network of agents in various parts of the world for the purpose of monitoring and reprting on subversive organisations which might want to overthrow that government.

The inspectors found that Mr

that government.

The inspectors found that Mr
Burns' address and telephone
number were those of the Seychelles office of Messrs Halpern
and Woolf, chartered accountants, who "vaguely" remembered
him as someone who used them
as an accommodation address.

Mr Burns subsequently rang
one of the inspectors from South
Africa to explain that Mr Withers

operation to infiltrate groups of mercenaries. David Goodhart

The inspectors' scepticism was heightened by Mr Withers' refusal to answer more detailed questions about the funds from the Swiss banks. He has as a result been fined

£2,500 for contempt by Mr Justice

Vinelatt.
While the case may have raised fascinating legal issues as to what constituted sufficient proof, the whole inquiry appeared to have been overtaken in sentember. appeared to have been overtaken by events when in September 1983 Mr Raper was resdmitted to the fold. Unexpectedly he agreed to make a full bid for Westminster through his vehicle company Milbury, the Stock Exchange expunged its ruling that he was "unfit to be a director of a public company," and self-regulation appeared to have been vindicated. (Some ex-Westminster shareholders now wonder why the bid was allowed at all while the DTI inquiry con-

why the bid was allowed at all while the DTI inquiry continued).

In August 1985 however the High Court heard renewed allegations against Mr Raper—namely that Milbury's most valuable parts, including Westminster, had been quietly sold. The new DTI inspectors

minster, had been quietly sold. The new DTI inspectors appointed to look at the affairs of Milbury immediately became interested in a number of people involved in the éarlier Westminster inquiry—most notably Mr Terence Furey, a director of Crinkleleaf, the company which has now acquired Westminster. The DTI might be said to be going back for a second bite of the cherry. But the spokeamen for the Milbury minority shareholders continue to fear that their investment may have dwindled away.

BOARD MEETINGS

Interime: Chamberlin and Hill, Erakine House, Headlerd Sime and Coggins. Kleen-E-Ze, Lewmar, Rolfe and Molan Computer Services, Serasota Technology. Scottah and Mercantile investment. Sims Catering Butthers. Finals: Circaprint, Fitzwilton, Yomalineships. **FUTURE DATES**

WHO GETS STRAIGHT TO THE POINT IN PUBLIC RELATIONS, ADVERTISING AND DESIGN? LOOK UNDERNEATH LEX, MONDAY

THE REAL PROPERTY.

(C),

UK COMPANY NEWS

Akzo £14m agreed bid for Blundell-Permoglaze

BY LIONEL BARBER

ber 29 ₁₉₅.

ARZO, the Dutch chemicals giant, yesterday amounced an agreed £13.6m cash bid for the troubled British paint maker, Biundell-Permoglaze Holdings.
The Dutch bid follows a board-

The Dutch bid follows a boardroom shake-up at Blundell last
month when the chief executive
was Sacked. And the finance
director resigned after the paintmaker revealed interims losses
of £767,000 in the eight months
to the end of June on turnover
of £22m. A loss for the full year
to December 1985 is expected.
Akzo, which is offering 175p in
cash for each Blundell share, has
gained irrevocable acceptances
from the directors and several
institutional shareholders for the
hid. Together with buying in the
market vesterday therety the list. institutional shareholders for the bid. Together with buying in the market yesterday through their advisers SG Warburg amounting to 3.5 per cent of the equity. Akzo now holds just under 35 per cent of Blundell.

The 175p cash bid — which includes a loan note alternative—was well above yesterday's opening price of Blundell shares of 145p.

ing price of Blundell shares of 145p.

Mr Kenneth Brown, corporate acquisitions director at Akzo, said last night: "Every company (Blundell) has its setbacks, but



Mr Robert White; chairman of Bludell-Permoglaze

has paint manufacturing subsi-diaries in Ireland and West Germany, but perhaps its biggest attraction for Akzo is its modern plant at Hull.

plant at Huil.

The acquisition will give Akzo, specifically its wholly-owned subsidiary Akzo Coatings, a manufacturing facility in the UK. The division (turnover £470m in 1984) is currently represented in the UK by Sikkens which imports its point from Holland and specialises in the UK car market. "We think we can put the Hull plant to fuller use and our research and development will enable Blundeil to strengthen its product range," said Mr Brown. Blundeil has failen victim in the past 12 months to fierce price competition in the UK paints market. This has made it harder for the company to make price for the company to make price rises stick, while the price of one of the key paint ingredients, titanium dioxide, has risen 36 per cent over the past 18 months. The competition is already causing a shake-up in the paints sector with British Tar Products.

Blundell ranks among the top ten British paint-makers, specialising in the manufacture and sale of decorative paints used for wall and wood coating. It shares at around £36,000.

Troubled RTD in £11.3m merger with Oyez Intl

RTD Group, the loss-making longer has any operations in Irish engineer, is to merge with Ireland. Oyez International Business IBC will issue 9.45m shares for Communications, (OIBC) a OIBC and a further 3.15m shares

Communications, (OIBC) a private British group, to create a new bolding company, International Business Communications (Holdings) (IBC), valued at £11.34m.

IBC plans to expand OIBC's existing business of professional, scientific and professional conferences and seminars and related publishing. It will also continue RTD's slimmed-down engineering activities which are expected to return to profit in f1.65m for IBC net of expenses, while 630,000 sharesof the 9.45m will also be placed to raise f472,000 for the five shareholder directors of OIBC.

IBC will have a total of 15.12m shares in issue valued at f11.34m. The shareholder directors of OIBC will hold 58.3 per cent; RTD shareholders will own 20.83m and a further 20.83m will be held by the public,

expected to return to profit in 1986.

Mr Michael Bell, chief executive of IBC, said OIBC's senior managers had engineering and industrial backgrounds while there would be an exchange of information between the two

there would be an exchange of information between the two sides of the business.

IBC expects to make a pre-tax profit of £550,000 on turnover of about £9m in the period ending December 1985. The conference and publishing business will make a profit of £745,000 in the year ending December on sales of £6m but RTD will make a loss of £195,000 in the 10 months

loss of 2199,000 in the 10 months ending December.

IBC is not making a profit forecast for 1986 but it expects to pay a total dividend of 2.25p per share. RTD last paid a divi-

per share. RTD last paid a divi-dend in 1977.
OIBC and RTD opted to create a new British-registered holding company to avoid OIBC's busi-ness becoming part of an Irish-registered company. RTD no

public, OIBC was founded in the late 1960s as a conference organiser, and decided in the mid-1970s to and declosed in the info lays to merge with a business information publisher. It was bought by The Solicitors' Law Stationery Society but differences in management style led to a management buyout of OIBC Silvermines

to acquire RTD on the basis of one IBC share for every three of RTD.

A further 2.52m shares will be placed by brokers Capel-Cure Myers at 75p each to raise £1.65m for IBC net of expenses.

SILVERMINES has acquired a 35 per cent stake in a recently formed oil and gas exploration company Ardmore Petroleum that will explore for oil and gas in Irish and international territories. Silvermines has subscribed an initial If1.5m (£1.2m) and entered into commitments to make available a further 152m if required.

The Integrated Property and Financial Service



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Recovery at Freshbake Foods comment

PROFITS RECOVERED at the Freshbake Foods Group, frozen foods maker, in the six months to September 30 1985 and rose 67 per cent from £509,000 pre-

The USM-quoted group says the restructuring, integration and consolidation following the four acquisitions made in the year ended March 31 1985 have been completed successfully. Improvements should continue to the research

to be reflected in results although there is still uncertainty about the trading pros-pects of the frozen chip market. The interim dividend is held Last time there was a total of 1.7p.

Operating profit in the six months rose 92 per cent from £569,000 to £1.09m on turnover up 48 per cent from £27.23m to £40.24m. Interest charged was £242,000, up from £60.000. Earn-

ings per share rose to profrom 1.14p to 1.94p.

As forecast, McKellar Watt, results to reflect the mentand bakery products for the also have to absorb associated of frozen and chilled market, which was acquired in March, made a factory at Peteriee and the new small profit for the half-year, and with a pre-acquisition directors expect a continuing improvement in profits for the

revenue after tax was £15,000

tember 30 1985, from £16,754 to £18.686 on turnover down from

£18.686 on turnover down from £624.884 to £591,628. Trading loss was reduced to £9.666 (£12,363). Earnings per share rose to 0.98p (0.81p). The interim dividend is held at 1.4p.

Country Gentlemen's Associa-tion, which supplies financial

and other services to its members

and others, raised turnover by

£236,000

COMPANY NEWS IN BRIEF

MARINE Adventure Sailing was £58,060 against £67,849. The Trust raised net asset value per company expects the results for ordinary share to 207.3p on September 30 1985, from 188.2p at last year.

the same time last year. Gross PACIFIC INVESTMENT TRUST

revenue after tax was £15,000 ber 30 1935, Revenue came out (£10,000).

WHITTINGTON Engineering six months to that dare after tax profits by 11 per cent in the six months to September 30 1935, from £16,754 to (0.35p).

in the first balf was net asset value per share fell (£185,000) and net from 104.8p to 93.3p as at Septem-

national produced another good performance for the period. Chef Foods, however, experienced difficulties due to its entry into

the frozen chip market.

Baughans Foods, part of the distribution division has performed to expectations. Improved premises secured for the north-west and south-west depots should be fully operational by the end of the financial year. Group results exclude the under-provision of costs and expenses, amounting to £6,000, in respect of the acquisition of McKellar Watt. These are treated

Results for the comparable period, excluding the costs and expenses for the acquisitions of Baughans Foods and Muirson Food Brokers International, estimated at about £200,000, were treated similarly.

as extraordinary items for the

J. HENRY SCHRODER WAGG

Buying unprofitable food companies and turning them around is not as easy as the intrepid management of Freshbake may have thought when it made four have thought when it made four important acquisitions last year. At least these results show that the company is now extricating itself from the immediate chaos brought about by overly ambitious expansion. The operations of the four companies are being centralised in a programme that cost about \$2m\$ last year and this cost about £2m last year and this year is likely to cost half as much again. Margins, still well below: their pre-acquisition levels, are beginning to recover, although the full benefits will not be felt until next year. The market did not take kindly to last year's drop in profits but is now hopeful that all will go right and the shares have risen from the year's low of 60p to 82p yesterday. If Freshbake can make £2m in the current year, the p/e ratio is 17. On that sort of rating if the benefits of the rationalisation do not start coming through sharply, or if the company embarks on another spate of aggressive purchases, the shares could come down with

IEP Secs lifts Molins stake to 8.87%

Ron Brierley, a New Zealand-based businessman, has bought 400,000 more shares in Moliss. 7.5p making 18.5p for the 18 the cigarette machinery manu-facturer, taking his holding to 2.6m shares or 8.87 per cent of

the equity.

Molios' management, headed
by Mr Christopher Ross, the & CO, financial adviser to Mat-thew Brown has purchased through the market 25,000 ordiby Mr Christopher Ross, the managing director, is currently staging a £49.8m buy-out of the company with the backing of a group of City institutions.

Mr Ernest Burton, Molins' finance director, said: "We spoke to HEP in mid-summer and were tald they can their helding as a nary in the company at 568p each. Stakis, Glasgow-based hotelier. restaurant and gaming pro-prietor, is acquiring Montforth, which has the freehold property of the St Annes Manor Hotel, to IEP in mid-summer and were told they saw their holding as a two-to-three-year investment. Their recent purchases appear odd in the face of our recent announcement (about the management buyout). We find it difficult to interpret." more than 12 per cent in the six months to June 30 from f1.36m to f1.53m, but pre-tax profit fell from f132,129 to f123,744. After tax, however, it

Moran Tea misses profit forecast

Moran Tea Holdings, a pro-perty investor and developer in addition to its Indian tea manufacturing interests, has failed to meet the profit forecast it made last March.

The directors then said that The directors then said that profits after tax for the 18 month period to June 30 1985 would be more than £500,000, despite the fact that this would be after the full rate of Indian tax. In the event, the outcome was £476,956—down from £732,849 for the 12 months to end December 1983.

Before a much increased tax

Before a much increased tax charge—up from £27,805 to £1.56m—the profit was £2.05m \$1.56m—the profit was £2.05m (£764.018) for the year and a half, including a full year's result, from the 51 per cent interest is KMS Group, acquired in July last year.

There was also an extraordinary profit of £227,994 (£240.151) which includes the redeceleration of the Riverblock

development of the Riverblock warehouse at Wapping, London. in conjunction with Barratt Developments. The Indian sub-sidiary has again increased its record level, say the directors.
There is a final dividend of
7.5p making 18.5p for the 18
months, against 10p for the 12month period.

Owen Owen accepts Holders of 7.33m Owen Owen

shares have accepted the offer made by Ward White Group and it has become unconditional. Ward White now owns or has ward white now owns or has received acceptances in respect of 7.54m Owen Owen shares, representing 78.8 per cent of its issued ordinary capital.

Acceptances of the cash alternative have been received in respect of 2.51m new Ward White ordinary shares. The cash alternative has now closed.

It's a long way

from Kent to California

But that's where you will find the proud flags of BCA and 4A's flying. This side of the pond our pride of lions appear on the mast heads of 14 auctions. While in the US the American cousins appear in 12 centres. Together they knocked up a years record turnover topping the £11/2 billion mark. Rightly Chairman David Wickins comments

"We are by far the largest Auction house in the World".

Confident as ever he tells shareholders in his annual message to them "I am optimistic about the future in general and the current financial year in particular".

Group Statistics for 1985 and 1984 Gross auction sale proceeds	1985 £000	1984* £000	% Change
in U.K. and U.S.A.	1,548,918	1,149,492	+35%
Turnover	59,023	44,797	+32%
Profit on ordinary activities before taxation	10,135	9,046	+12%
Earnings and Dividends	1985	. 1984	
(a) Earnings per share	8-82p	8.38p	+5%
(b) Dividend per share	3.25p	29p	+12%
* The 1984 figures have been restated where applicable, in respect of the chi	inge of accounting p	elicy for conversion	of U.S. dollars.

Copies of the British Car Auction Group PLC Annual Report are available from the

British Car Auction Group PLC

Head Office, Expedier House, Portsmouth Road, Hindhead, Surrey GU26 6TJ.

Dresdner Finance B.V. Amsterdam U.S.\$ 350,900,000 Floating Rate Notes 1984/1989

2

Dresdner Bank Aktiengesettschus Principal Paying Agent

AKZO N.Y.

ARNHEM. THE NETHERLANDS

41% USS Convertible Debenture

artistic. Therefore, of U.S.\$10,000 principal amout on February 28, 1986, the rele-

U.S. \$60,000,000. Caixa Geral de Depósitos

Floating Rate Deposit Notes 1994

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 29th November 1985 to 29th May, 1986 has been fixed at 87/s per cent per annum and that the coupon amount, payable on 29th May, 1986 will be U.S. \$124-22 per Note of U.S. \$10,000 and U.S. \$4.242-19 per Note of U.S. \$100,000.

Agent Bank

Pursuant to the provisions of article 3 of the trust ised, the drawing for the obligatory redemption of USS7,00000 per, Jenuary 1, 1986 took place on November 14, 1985. Number 7 was drawn, which means that all defentures, the numbers of which end in 7, have been drawn for redemption.

Against delivery of these debentures, provided with coupons per January 1, 1987, and following, the sum of USS1,000, each will be paid at the designated paying agents from Jaguary 1, 1986.

Corre- Total sponding for payment payment James Burrough\$...int. 4 Daveson int. 19 Freshbake Foods int. 0.65 0.6 0.45 Moorgate Merc.int. 0.5† Moran Tea 7.5 Mar 11 3.75 . 6.38 <u>--</u> 5.2 Jan 21 Feb 12

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. § Partly to reduce disparity. || Irish pence throughout. ** For 18 months.

BANK RETURN

BANKING DEPARTMENT 414,489,890 52,800,612 236,836,511 3,495,562,745 3,495,562,745 - 210,454,191

ISSUE DEPARTMENT

1			
LIABILITIES Notes in circulation Notes in Banking Department	£ 12,150,683,556 9,316,445	; ; ‡	£ 109,534,877 485,123
	12,160,000,000	+	110,000,000 .
ASSETS Covernment Debt. Other Government Securities Other Securities	11,015,100 868,053,889 11,285,926,011	; ; ∓	475,541,358 585,541,358
	12,160,000,000		110,000,000
A description of the second of			

Anglovaal Group



DECLARATION OF ORDINARY AND PARTICIPATING PREFERENCE DIVIDENDS

Dividends have been declared payable to holders of ordinary and participating preference shares registered in the books of the undermentioned companies at the close of business as shown. The dividends have been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be the date as shown or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about the dates as shown. The transfer books and registers of members of the companies in Johannesburg and London will be closed during the periods as shown. All companies mentioned are incorporated in the Republic of South Africa.

Name of Company	Rag. No.	Class of share	Divide Cent No.	nde de s per S Dec '86	Clared bare Dec '84	last data for registra- tion	Data of currency conversion	regişter	books and closed ites incl.)	Warrants posted on
INTERIM DIVIDENDS— YEAR ENDING 30 JUNE 1986 Anglovan Limited Anglovan Limited (Note 1) Esteum Transystal Consolidated Anglovan Limited (Note 2) Middle Wittenstrand (Western Areas) Limited Zandpan Gold Mining Company Ltd.	05/04580/06 05/04580/06 01/08442/06 05/33926/06 05/04469/06 85/02414/06	Ord & 'A' Ord Part Pref Ordinary Ordinary Ordinary Ordinary	80 63 71 60	120 65 100 45 55 7,5	100 55 75 32,5 45 5,5	20.12.85 20.12.85 20.12.85 20.12.85 20.12.85 3.1.86 3.1.86	30.12.85 30.12.85 30.12.85 30.12.85 30.12.85 13.1.96 13.1.86	21.12.85 21.12.85 21.12.85 21.12.85 4.1.86 4.1.86	27.12.85 27.12.85 27.12.85 27.12.85 10.1.86 10.1.86	31.1.86 31.1.86 31.1.85 31.1.85 72.86 7.2.86

Being 5 cents in respect of the fixed rate of 5% per annum for the half-year ending 31 December 1985 and 60 cents being a 50% participation in the interim dividend of 120 cents declared on the ordinary and 'A' ordinary shares.

The quantum of the interim dividend is based, inter alia, on the imminent commencement of the large capital expenditure

The quantum of the interim dividend is based, inter alia, on the imminent commencement to the large programme relating to an additional recovery plant.

The boards of Consolidated Murchison Limited and Priesks Copper Mines (Pty) Limited will consider the declaration of interim dividends at meetings to be held towards the end of Docember and in the first half of January 1986 respectively.

By order of the boards Secretaries/Transfer Secretaries

Registered Office Anglovaal House 56 Main Street 2001 Johannesburg

London Secretaries Anglo-Transvaal Trustees Umited

295 Regent Street London WIR 8ST

UK COMPANY NEWS

600 GROUP

Share Price

TOZER KEMSLEY & MILLBOURN (HOLDINGS) plc

cs appears in accordance with the requirements of the Council of The Stock Exchange, Applica-made to the Council for the securities mentioned below to be admitted to the Official List.

(Incorporated in England No. 453390)

issue of

32,280,999 8.5 per cent. convertible cumulative preference shares of 20p each at 40p per share

by way of rights to holders of ordinary shares

Details of the above securities are contained in the new issue cards to be circulated in the statistical service maintained by Extel Statistical Services Limited.

Copies of the listing particulars relating to the issue may be obtained from the address below and also from the Company Announcements Office, The Stock Exchange, London EC2 during the two business days following the date of publication of this notice.

(Holdings) plc, 1 Lygon Place,

Credit Suisse First Boston Limited

Prudential Corporation plc, 142 Holborn Bars, London EC1N 2NH Rowe & Pitman.

1 Finsbury Avenue, London EC2M 2PA

Bank of Tokyo International Limited

Merrill Lynch International & Co

Banque Nationale de Paris

Hambros Bank Limited

Morgan Guaranty Ltd

London SW1W 0JR

Heron House. High Holborn, London WC1V 7PB

House Govett Limited, National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street

London EC2P 2BD

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.

£100,000,000

(Incorporated in England under the Companies Acts 1948 to 1976 Regd. No. 1397169)

Floating Rate Notes Due 1995

The following have agreed to subscribe or procure subscribers for the Notes:

The issue price of the Notes is 100 per cent, of their principal amount. Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List. Interest will be payable quarterly in arrear in March, June, September and December of each year, beginning in March 1986. Particulars relating to the Notes are available in the statistical service of Extel Statistical Services Limited. Copies of the Listing Particulars relating to the Notes may be obtained during usual business hours up to and including 3rd December, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 13th December, 1985 from:-

29th November, 1985

U.S. \$100,000,000

The Sumitomo Trust Finance (H.K.) Limited

(Incorporated in Hong Kong)

125/8% Guaranteed Notes Due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US\$2,000,000 principal amount of the Notes has been drawn for redemption on 31st December, 1985, at the redemption price of 101% of the principal amount, together with accrued interest to 31st December, 1985. The serial numbers of the Notes drawn for redemption are as follows:—

PRUDENTIAL

CORPORATION plc

S.G. Warburg & Co. Ltd.

Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ

Manufacturers Hanover Limited.

7 Princes Street, London EC2P 2EN

Deutsche Bank Capital Markets Limited

Banque Bruxelles Lambert S.A.

Nomura International Limited

IBJ International Limited

Kielnwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB

29th November 1985

Further progress at 600 Group

ALL DIVISIONS of the 600 Group were profitable during opening six months and at the trading level the machine tool manufacturer saw its profits rise from £2.29m to £3.06m, an improvement of 34 per cent

The second six months will see profit contributions for the full period from recent acquisitions and with order books for manufactured products remaining high the directors are looking to the group to make further progress.

Meanwhile, they are holding the interim dividend at 2.34p

net.
Group turnover for the six months tto October 12 pushed ahead from £94m to £108m. Trading profits were after higher depreciation and interest costs.
Pre-tax profits came through £404.000 lower at £3.26m as a result of lower contributions from property sales and associates.

stes.

Tax rose from £1.38m to £1.63m to leave the net balance at £1.63m, compared with £2.28m previously, for earnings of 3.5p (5p) per 25p share.

Minorities accounted for £7.000 (nil)—there were no extraordinary items (£5.51m credit).

credit).

During the first half the machine tool and engineering activities showed a marked improvement, helped by the acquisitions of Clausing's Indus-



Sir Jack Wellings, 600 Group

100

90

trial Distribution Group in May of unusual setbacks, including and F. Pratt Engineering in losses arising from a labour dispute at a major subsidiary; a dispute at a major subsidiary; a very large increase in product liability insurance premiums of through adverse movements of \$600,000 a year (425 per cent); scrap prices.

The half year saw a number exchange movements; and a sub-

stantial loss in South East Asia.

The 1984-85 year saw group pre-tax profits rise from \$3.84m to £7.62m, largely because of 2 £5.56m turnround to a surplus of £3.5m by the machine tools division.

comment

The 600 Group warned last year that property sales would no longer feature largely in its profits and it was the £785,000 downward swing on this item that led to the drop at the pretax level this time round. Holding down trading profits was a £300,000 increase in the insurance premium and a costly go slow in the UK. The near collapse of the South East Asia market has led to a decision to run down stocks and staff in Singapore—atthough closure is ruled out. Acquisitions Clausing and F. Pratt contributed very little to this first half as the emphasis was on integration and rationalisation but in the closing period the full benefit of these two purchases should be coming through. For the full year the City is looking for £7.5m which implies an earnings multiple of 12 on the shares at 99.5p, down 6.5p. This seems about right given that all the 1984-85 recovery is now in the price.

Cost of money limits Moorgate Mercantile

A MODEST \$30,000 improvement in pre-tax profits to \$431,000 was achieved by Moorgate Mercantile Holdings in the half year to end-September 1985. This would have been greater, Mr Julius Silman, the chairman, says, but for the high cost of money experienced by this instalment credit finance and leasing group.

The directors are lifting the interim dividend to 0.5p (0.45p). For 1984-85 a total of 1.45p was For 1984-85 a total of 1.45p was paid on profits of £830,000.

Group turnover rose by 13 per cent to £13.22m (£11.72m), and the chairman says trading is currently steady and in line with targets. If interest rates remain at the present level until the financial year end, he expects that results for the year overall should show that the progress consistently made by the group is being maintained.

Although the directors are pursuing a policy of diversification, group strategy remains to concentrate on sustainable quality of earnings, the chairman states.

Scottish Inv. asset

value rises 7.5%

Scottish Investment Trust

increased its net asset value per

25p share by 7.5 per cent from 24.7p to 3.95p over the year to end-October 1985.

Earnings per share rose by 12.8 per cent to 5.81p and the final dividend has been increased from 3.47p to 3.95p for a higher total of 5.95p (5.17p).

Net revenue amounted to 55.06m, against £4.5m, after tax of £2.64m (£2.42m). Total gross investment income rose from 29.9m to £11.69m.

Abbeycrest 30% ahead and beats forecast

Raily

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Abbeyerest. Leeds - based jeweller which came to the USM in May, has lifted pre-tax profits by 30 per cent in the year in end-August 1985.

On turnover up from fom to 17.6m. the pre-tax result came out £176,000 ahead at £760,000. which beats the forecast of not less than £725,000 made at flotation.

flotation.

The group's principal market.

The group's principal market.

the UK, proved a very strong growth area with both turnover and the number of active accounts increasing the directors

state
In addition, Abbeyerest's main
new product area introduced
during the year, bangles, has
achieved significant sales, and
is now firmly established as a

achieved significant sales, and is now firmly established as a market leader, they say.

Since the flotation it has concentrated on satisfying buoyant levels generated from present markets. Sales are currently running ahead of the same period last year, and the directors believe there is every indication that the "significant growth in turnover" envisaged in the placing document can be achieved.

in the placing document can be achieved.

The subsidiary, Jewellery Incentives, after a quiet year previously, is now increasing penetration of the incentive marketing sector the directors say. Current activity levels indicate that it should be a much more significant contributor to group results this year.

After increased tax of £320,000 (£213,000), earnings per 10p share are shown 1p ahead at 7.2p.

7.2p.
As indicated in the placing document there are no dividends for the year. If profits for the half year ending February 1986 are satisfactory, the directors intend paying an interim of 1p.

Scottish Inv. asset

Cronite doubles profit as recovery continues

THE RECOVERY continued at Cronite Group, the alloys, steels and foundries concern, in the year to September 30 and profits doubled from £202,000 to £408,000. All companies in the group achieved profits in line with their budgets.

No dividend is yet possible, say the directors, as the profits are going towards reducing the deficit on the profit and loss account.

Efficiency also improved at Cronite Castings. Marketing carried out over a wide area where the profits are division efficiencies assisted by group achieved profits in line with their budgets.

No dividend is yet possible, year.

Cronite Castings. Marketing carried out over a wide area where the profits and first carried out over a wide area wide ar

account.

The shares closed 3p higher at 48p yesterday.

Turnover rose 31 per cent from £14.38m to £18.79m before interest payable of £387,000 (£347,000). Earnings per share advanced to 7.3p (3.6p). As last year, there was no tax charge. In their review of trading, the directors say that Cronite Precision and Cronite Steels had very good years. Cronite Precision, the ferrous investment foundry, had a wider customer year, there was no tax charge.

In their review of trading, the directors say that Cronite he group's ferrous investment Precision and Cronite Steels had very good years. Cronite Precision, the ferrous investment foundry, had a wider customer spread and production improved with most orders being delivered on or ahead of time.

Metal cutting capacity was doubled at Cronite Steels, specialist steel stockholder, to meet customers' needs.

Cronite Alkast. This will complement the product range of the product ran

neet customers' needs.

year.

Cronite Alloys, which deals in high alloy and non-ferrous scrap metals, had a reasonable level of activity despite the un-

level of activity despite the uncertainty of metal prices and
exchange rates. Increased direct
exports to end users overseas
was a feature of the year.
In September, a small aluminium alloy investment foundry
was acquired and re-named
Cronite Alkast. This will complement the product range of

Helical Bar back in the black at interim stage

months there was a loss of and trading conditions in the \$46,000 and although there was construction industry remain a small profit in the second half. "very competitive and difficult the deficit for the whole 1984-85 in Saudi Arabia."

year amounted to £33,000. They add that the company in their annual review last continues to trade at a loss.

In their annual review last
May the directors said that
demand had not improved and
that every measure to contain peniod, while operating profits
costs continued to be essential.
There is again no interim
dividend, the last payment being
in July 1981. Earnings per share
are shown as 0.75p (1.5p losses).

The profitability of Helical
Properties has grown since its
encouraging start and margins
at Helical Reinforcement have
been sufficient, directors say, to
generate a modest profit in the
six months.

"The turnround from loss to

Helical Bar, fabricator of steel profit for the six months is ex-Helical Bar, fabricator of steel profit for the six months is expected to be at least maintained development and investment in respect of results for the full concern, has recovered from last year's losses and turned in tax-able profits of £120,000 for the six months ended August 3.

1985.

For the comparative six months there was a loss of and trading conditions in the

Granville & Co. Limited

8 Lovat Lane London EC3R 8BP Over-the-Counter Market'

							P/1	Ē
					Gross	Yield		Fully
	Low	Company	Price	Change	div.(p) % <u> </u>	Actual	tore
148		Ass. Brit Ind. Ord			7.3	6.0	7.4	6.9
151	128	Ass. Brit. Ind. CULS			10.0	7.6	_	_
77	43	Airsprung Group	61	+1	8.4	10.5	10.2	13.3
46		Armitage and Rhodes		. –	43	10.5		6.1
166	106				4.0	24	20.9	21.7
64	42	Bray Technologies	53	+1	3 9	74	6.5	7.5
201	144	CCL Ordinary	144	_	120	8.3	3.5	3.3
152	103	CCL 11pc Conv. Pf	103		15.7	15.2	_	_
130	10		120xd		49	4.1	5.9	9.3
· 94 73	83	Carborundum 7.5pc Pf.	94	÷1	10 7	11.4		_
73	46	Deborah Services	59	_	7.0	11.9	6.2	8.0
32	21	Frederick Parker	21	_	_	_		-
83	-33	George Blair	73	-1	-	_	. 3.0	5.4
50	20	Ind. Precision Castings	50xd	-	30	6.0	13.2	11.0
218	177	Isis, Group	180	_	75.0	83	138	20 7
124	7D1	Jackson Group,	110xc	· —	5.5	50	7.4	7.4
285	213	James Burrough	279	+1	15.0	5.4	8.8	8.8
95	83	James Burrough SpcPf.	∙95	— `	12.9	13.6		
95	71.	John Howard and Co.	79xd	· —	5.0	6.3	83	9.0
225	100 ·	Linguaphorie Ord	180=			_	-6.6	9.3 6.9
100	90	Linguaptone 10.5pc Pf.	90s	_	150	16.7	-	
650	300	Minihouse Holding NV	. 570s		8.9	1.2	24.9	23.7
120	37	Robert Jenkins	· 70	_	_		90	20.0
60		Scruttons "A"	. 31					7.9
92	61	Torday and Carlisla	67	— .	5.0	7.5		6.1
444	320 .	Trevien Holdings	330		4.3	1.3		18.4
39	17	Unifock Holdings ,	39	_	2.1	54	10.6	70.4
122	87	Walter Alexander	121		8.6	7.1	6.8	8.3
247	195	W. S. Yeates	200	_	17.4	8.7	5.7	9.5
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CPI Holdings profits slide continues

COMPETITIVE markets, giving tighter margins, resulted in tax-able earnings continuing to slide at CPI Holdings, the Marley Irish at CFI moinings, the Mariey Irish offshoot. Turnover increased by 9 per cent for the year to end-September 1985 from If43m to If47.08m (£39.23m), but pre-tax profits fell from 1f1.03m to If474,000.

IE474,000.

The concrete products maker slipped into the red in the first half with losses of IEE8,000 (profits IE70,000).

From earnings per share of 2.4p (5.4p), the board has decided to pay a reduced second interim of 1p against last year's 5p, making the total for the year 2p (60).

Penny & Giles expands 40% in first half

Profits before tax of Penny and Giles International in the first half of 1985-96 increased nearly 40 per cent from £296,000 to £414,000 on turnover up 15 per cent from £6.01m to £6.9m. cent from 16.01m to 16.9m.

The company, which joined the USM last December, makes electronic measurement and control instruments "black box" flight recorders. It paid tax of 1178,000 (£105,000) in the six minths to September 30 and earnings per share were 2.62p, up from 2.27p.

The company says orders con-

The company says orders con-tinued at a substatnially higher level than in thep revious year an dit is maintaining its level of

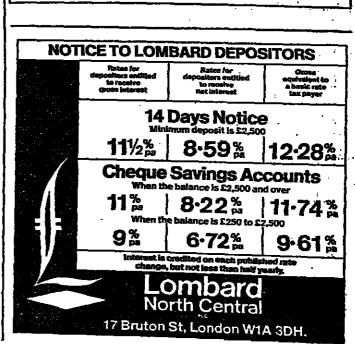
an dit is maintaining its level of export sales.

The directors say that they expect trading to remain difficult Trading profit came out at 14537,000 (161.47m) and the pretax figure was struck after interest charges of 16528,000 (16481,000).

The directors say that they export sales.

Turnover and the value of ordere received in the period were consistent with itsp lans for growth, it adds.

It is paying its first interim dividend since joining the USM of 0.68p.



CANADIAN CO-OPERATIVE CREDIT SOCIETY LIMITED U.S.\$90,000,000

Revolving Underwriting Facility Due 1990 (Series 2)

Notice is hereby given that for the one month interest period from the 29th November, 1985 to 31st December, 1985 the following will apply:-

B.2875% pa (2) Interest amount US\$3,683,33 per US\$500,000

(3) Interest payment date 31st December, 1985. MERRILL LYNCH INTERNATIONAL BANK LTD. Agent Bank

Bank of Treland

U.S.\$50,000,000 Floating Rate Capital Notes 1989

In accordance with the provisions of the Notes notice is hereby given that for the three months interest period from 29th November, 1985 to 28th February, 1986 the Notes will carry an Interest Rate of 87/16% per annum. The interest payable on the relevant interest payment date, 28th February, 1986 against Coupon No. 25 will be U.S. \$21-33.

By: Morgan Guaranty Trust Company of New York, London Agent Bank

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes due 2005

In accordance with the provisious of the Notes, notice is hereby given that for the Interest Period from 29 November, 1985, to 30 December, 1985, the Notes will carry an interest rate of 814% per annum. The interest payable on the relevant interest payable on the relevant interest payable on the relevant interest payable to the relevant interest payable on the relevant interest payment date, 30 December, 1985 will be US\$71,04 per US\$10,000 nominal amount in Bearer (Coupon No. 4) or Registered form and US\$1,776.04 per US\$250,000 denomination in Bearer form (Coupon No. 4).

29 November, 1985. The Chase Manhattan Bank, N.A. ondon, Agent Bank,

29th November, 1985

Fiscal and Principal Paying Agent

The Chase Manhattan Bank, N.A., London,

On the 31st December, 1985, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1985 to 31st December, 1985 amounting to US\$545.33 per US\$5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue. Payment of the Notes to be redeemed will be made on or after 31st December, 1985 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned thereon. After 31st December, 1985 US\$55,000,000 principal amount of Notes will remain outstanding.

The combert, 1985. The serial numbers of the Notes drawn for redemption are as follows:—

7 780 1446 2321 3281 4429 5412 6395 7395 8396 9310 10117 11119 12320 13079 14214 15135 16645 17621 18970 1693 1516 2470 3321 4476 5420 6428 7418 8434 9316 10177 11172 12352 13088 14227 15250 16660 17633 18988 1659 1516 2470 3324 4572 5435 6449 7456 8507 9324 10205 11178 12442 13146 14227 15386 16700 17729 19090 1603 2503 3405 4618 5516 6570 7516 8592 9361 10372 11369 12460 13295 14330 15609 16773 17951 19153 1009 1696 2546 3465 4534 5582 6583 7618 8592 9361 10372 11369 12460 13295 14330 15609 16773 17951 19153 1003 1696 2546 3465 4534 5582 6583 7618 8592 9361 10372 11369 12460 13295 14330 15609 16773 17951 19153 1003 1696 2546 3465 4534 5582 6583 7618 8592 9361 10372 11369 12460 13295 14330 15609 16773 17951 19153 1003 1696 2546 3465 4534 5582 6583 7618 8593 9415 10486 11374 12487 13307 14433 15652 16775 18052 19185 1003 1762 2559 3471 4636 5615 6631 7633 8651 9456 10553 11386 12507 13391 14443 15752 16805 18121 19248 1036 1776 2757 3474 4662 5625 6633 7654 8668 9460 10575 11416 12522 13422 14454 15775 16915 18126 19266 11073 1870 2762 3572 4791 5719 6638 7719 8683 9547 10595 11570 12586 13460 14465 15783 16969 18168 19297 1134 1912 2765 3594 4827 5761 6869 7828 8747 9592 10627 11642 12601 13491 14572 15805 16978 18221 19298 1199 1956 2780 3603 4908 5797 6879 7885 8884 9593 10680 11710 12632 13602 14588 15845 17014 18245 19342 1199 1956 2780 3603 4908 5797 6879 7885 8884 9593 10680 11710 12632 13602 14588 15845 17014 18245 19342 11912 2765 3594 4827 5761 6869 7828 8747 9592 10627 11642 12601 13491 14572 15805 16978 18221 19298 1199 1956 2780 3603 4908 5797 6879 7885 8884 9593 10680 11710 12632 13602 14588 15845 17014 18245 19342 1199 1956 2780 3603 4908 5797 6879 7885 8884 9593 10680 11710 12632 13602 14589 15947 17084 18309 19404 14595 15903 16400 17534 18365 19404 14592 15905 14580 14590 145

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REGINA v LONDON REGIONAL PASSENGERS COMMITTEE, EX PARTE LONDON BOROUGH OF BRENT AND OTHERS

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7.5° a inen in Court of Appeal (Lord Justice Slade, Lord Justice Croom-Johnson and Sir Roger

Ormrod): November 22 1985 A PUBLIC BODY set up to hear and report on objections to proposed ministerial decisions with a discretion to determine in advance the procedure of any public hearing it might hold may, having regard to circumstances, disallow crossstances, disallow cross-examination and final sub-missions by counsel, in that it has no justifiable issue to decide and its criteria of pro-cedural fairness differ from those of a trial.

deeded and its criteria of proceedural fairness differ from those of a trial.

The Court of Appeal so held when dismissing an appeal by the London Boropats of Erent. Ealing, Harrow and Hilled and by the Greater Lodon Council, from Mr Justice Kennedy's refusal to grant the committee dissipation and final speeches. Holdsbury's Louse of England (4th ed 1973) Vol 1 para 76 stated "A... body determining a justiciable controversy ... must give each party a fair opportunity to put his own case ... rejection of request to be disallow cross-examination at an impending public inquiry. LORD JUSTICE SLADE said that on July 24 1984 British Rail published a notice pursuant to section \$5 (?) of the Transport Act 1982, indicating that it proposed to discontinue certain stations. In 1982, indicating that it proposed to discontinue certain stations. In 1982, indicating that it proposed to discontinue certain stations. In 1982, indicating that it proposed to discontinue certain stations indice the committee of the content of a public issue. Where such an issue was not observed them and report to the Minister on any hardship which would be caused by provised that where the committee decided to hear objections to the Minister on the bardship and the committee decided to hear objections to the Minister on the bardship and the committee decided to hear objections to the Minister on the bardship and the committee decided to hear objections to the Minister on the bardship and the conduct of a public on the decided to hear objections to the Minister on the bardship and the conducting it were not be seen that the committee of the conducting it were not be seen to the conducting it were not be seen to the conducting it were not be an objection to the majority speeches in Bushell to the conducting it were not be seen to the conducting it were not be seen to the conducting it were not be provided that where the committee decided to hear objections to the majority speeches in the majority speeches in the conducting it were not be seen to the

sent out to objectors reflecting that decision.

The objectors applied for judicial review, seeking an order of certiorari quashing the committee's decision, and an order of mandamus compelling it to allow cross examination and final submissions by counsel.

Mr Justice Kennedy dismissed the application on May 13 1885.

On the present appeal Mr

minded in the January 30 decision was contrary to all principles of precedural fairness. In effect he said that the committee did not possess the discrtion to formulate in advance a procedure which excluded cross-examination and final speeches.

Halsbury's Laws of England (4th ed 1973) Vol 1 para 76 stated "A... body determining a justiciable controversy ... must give each party a fair opportunity to put his own case... Rejection of a request to be permitted to cross-examine ... will normally be considered as a breach of natural justice."

decided to hold a public bearing.

At a meeting on January 20 1885 it carefully considered what procedure to follow. It decided not to accede to a request by objectors for a procedure which allowed cross examination of British Rail witnesses or final submissions by counsel. Notes of guidance were sent out to objectors reflecting that decision.

The objectors applied for judicial review, seeking an order of certorari quashing the committee's decision, and an order, of mandamus compelling it to allow cross examination and final submissions by counsel.

Mir Justice Kennedy dismissed the application on May 13 1895.

On the present appeal Mr Sullivan for the objectors applied for the application on May 13 1895.

On the present appeal Mr Sullivan for the objectors will involve that the committee did not procedure outlined in the January 30 decision was contrary to all principles of precedural fairness, in effect he said that the committee did not prosesses the discrition to formulate in advance a procedure which excluded cross-examination and final submissions by considered as a precedural fairness, in effect he said that the committee did not processes the discrition to formulate in advance a procedure which and the committee did not processes the discrition to formulate in advance of England (stated 1973) Vol 1 para 76 stated of 1973) Vol 1 para 76 stated of 1973 Vol 1 para 76 stated of 19

Some emphasis was placed by Mr Sullivan on the statutory requirement that any oral hearing was to be in public.

That did not indicate any intention on the part of the legislature that there should necessarily be cross-examination or final submissions at a public hearing. The hearing might involve a great many objectors—more than 900 in the present case.

The requirement of a public hearing was rather to enable the members of the public and the Press to be informed about what was going on. The appeal must fail,

Lord Justice Croom-Johnson and Sir Roger Ormrod agreed. For the committee: Anthony Lester QC and David Ponnick (Bates Wells & Braithwatte) For the objectors: Jeremy Sullivan QC and John Hobson (London Borough of Brent)

By Rachel Davies

APPOINTMENTS

IMI managing director

Mr Eric Swalnson managing director of IMI, will, at his own request, retire at the annual meeting on May 20. He will be succeeded by Mr Gary J. Allea, currently assistant managing director. Mr Swainson was appointed from January 1, a director of Lloyds Bank, of whose Birmingham and West Midlands regional board he is currently chairman of the betting and gaming licensing will be committee of the south West-midlands regional board he is currently chairman. He is also is currently chairman. He is also chairman of the West Midlands Industrial Development Board and Pro-Chancellor of Aston

The Dial Contracts Group has appointed Mr G. A. Faulkner as deputy managing director of DIAL CONTRACTS. He was administration director. He willcontinue as managing director of subsidiary Dialcard. Dial Contracts is a part of the Mercantile Credit Group and its ultimate holding company is Barclays.

At WINCANTON VEHICLE
RENTALS from December 1
Mr Les Morson (formerly
southern regional manager) is
appointed truck rental director;
Mr Mark De'Ath (formerly
northern regional manager)
becomes refrigeration services
director; and Mr David Kempster
is appointed sales and marketing
director.

Mr Maxim Jakubowski has been appointed editorial director of Ebury Press, book publishing imprint of THE NATIONAL MAGAZINE COMPANY, from January 6. He is publishing director for Rainbird.

Mr Thomas Edmond has been appointed financial services manager, by STANDARD LIFE. He was development manager with the Life Association of Scotland Group. He will be responsible for unit trust development and marketing stratesy.

Mr Terence Clapp has been appointed managing director of BURT BOULTON (TIMBER) and chief executive of its associated timber companies in the Thomas

FELLIXSTOWE TANK DEVELOPMENTS, a subsidiary company of Tankfreight and part of
the National Freight Consortium,
has appointed Mr Peter W.
Broome as general manager. He
replaces Mr Richard Hopkins
who remains a director besides
assuming new duties as storage
director of Tankfreight. Mr
Broome was previously commer-

Mr John Watts has been ap-pointed chief executive of the JOHN E. WILTSHIER GROUP and Pro-Chancellor of Aston
University. Mr Allen was
appointed to the IMI board in
1978. He is currently responsible
for IMI Titanium, Ely, IMI Components, IMI Summerfield, the
Holford Development, Research
and Development and the IMI
Personnel function.



John Watts, executive of the John E. Wiltshier Group

of Lovell Construction, having joined Lovell in January 1983 as chief executive of the building division of the Lovell Group. He was a director of Y. J. Lovell (Holdings), chairman of LPH Equipment and Lovell Construction Services, as well as chairman of the subsidiary companies which comprise the division.

with the Life Association of Scotland Group. He will be responsible for unit trust development and marketing strategy.

Mr Bavid Stewart has joined W. H. SMITH CABLE as general mangaer of videoline and non-entertainment services. He comes from Clyde cablevision where he was director of operations and programming.

Mr Terence Clapp has here.

JOHN BROWN ENGINEERS
AND CONSTRUCTORS has
appointed Mr Derek Hanson as
managing director of its Ports
mouth office, which provides
engineering and construction
services for the chemical, food
and pharmaceutical industries.

ICC OIL SERVICECS has appointed Mr C. W. Witjens to the board.

Mr John Evans has been ap-pointed managing director, inter-national operations, NORAND CORPORATION, which is part of Broome as general manager. He replaces Mr Richard Hopkins who remains a director besides assuming new duties as storage director of Tankfreight. Mr Broome was previously commercial director of London and Coastal Oil Wharves, and earlier was managing director of Barks William Oil and Chemicals.

**

Lady Ibbs has been appointed a member of the GAMING BOARD

CORPORATION, which is part of the \$500m Pioneer Hi-Bred Corporation, US: He will be based in Reading. Previously northern European managing director of Exxon Office Systems, Mr Evans Company and managed its handover to Olivetti. As chief executive of Ansafona when it was part of ATV, he led the management buy-out of the company to its successful conclusion in March 1981.

FT UNIT TRUST INFORMATION SERVICE

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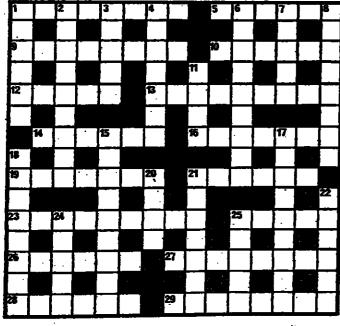
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FINANCIAL TIMES

is proposing to publish a Survey on

DEFENCE INDUSTRIES

--- Publication date: December 16, 1985 Advertising copy date: December 2, 1985 For further details contact: Tim Kingham 01-248 8000 ext. 3606



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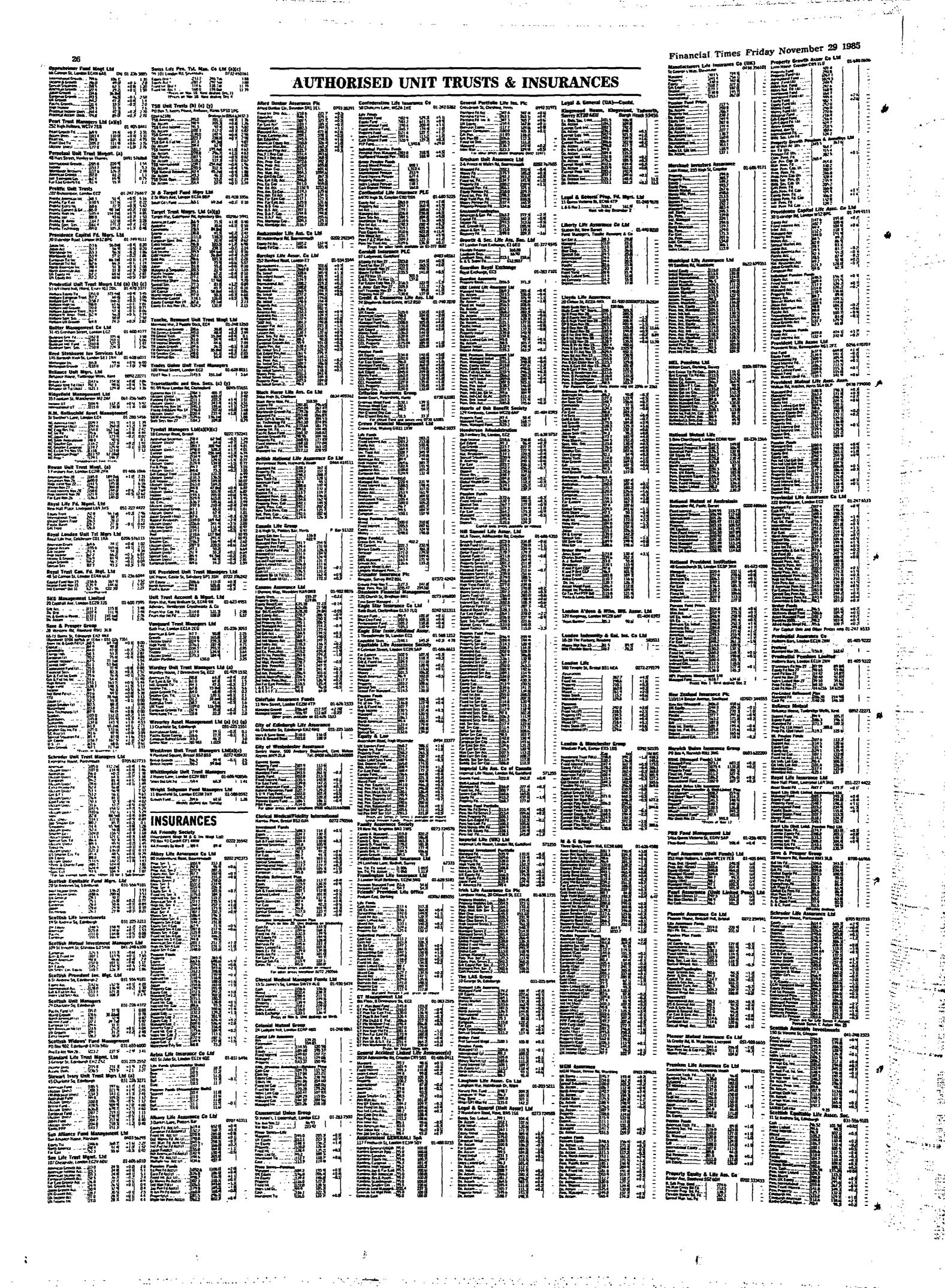
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COMMODITIES AND AGRICULTURE

Brussels rethink on sugar regime

By Ivo Dawnay in Brussels

THE EEC Commission has scrapped its plan to raise substantially the levies on sugar producers, substituting a pro-posal to impose a new additional tax on output modulated to account for each country's average production over the

The scheme represents a marked departure from the original call for an increase on "A" quota production levies—roughly equal to internal demand—from 2 to 2.5 per cent, and a rise in "B" quota levies from 37.5 to 47 per cent.

As such it is likely to meet a more favourable response from member states who had strongly resisted the first plan as inequitable. It appears unlikely, however, that the new levy, averaging 1.3 per cent on guaranteed intervention prices, will harness output.

Under the new proposal, the Commission has calculated the level of tax for each country based on their last five years' performance. This ranges from 0.6 per cent for Italy, whose small production incurs little

the funds raised to pay off, over a period of five years, the Ecu 400m debt that the sup-posedly self-financing sugar regime has built up over the

Soundings from member states suggest that the revised plan stands a substantially better chance than its predecessor in winning the approval of farm ministers. Officials are anxious that the question should be resolved when the Farm Council meets next month as further delays could disrupt their planning for farm prices next year.

The depressed state of the world sugar market makes it all but certain that prices will be frozen again in 1986 when ministers come to discuss the

British livestock farmers in some of the so-called less fav-oured areas of the country are to get £16.9m in special aid to compensate them for this year's exceptionally bad weather con-ditions, which resulted in stock losses and heavy feed bills, writes Richard Mooney.

Mr Michael Jopling, the Minister of Agriculture, announced in Parliament yesterday details of a plan to pay £14 a head on suckler cows, £4.50 a head on dairy cows and 35p a head on breeding ewes in certain of the worst hit areas. He urged farm ers to put in their claims under the scheme quickly and said the Ministry hoped a significant amount of the money could be paid out before Christmas. The Government's decision to make the special payments was first announced on October 8 and Mr Jopling came under fire from opposition MPs yesterday for the long delay in getting a joint silver fixing, the scheme under way.

The Minister also announced increases from January 1 in payments under the Hill Livestock Compensatory Allowances scheme which will add £10.9m to the annual cost of the

In a further attempt to ease the burden on weather-hit farmers some will qualify for exemption until the end of March from certain charges for advis-

Cornish tin miners call on MARKETS Government for crisis aid

Mr Paul Channon, Britain's Trade Minister

the tin council, which precipi-tated the crisis when it ran out

of money with which to support the market on October 24, are

health of the London Metal Ex-

vigorously that member govern-ments should honour the organ-

increasing frustration at the EEC's failure to agree.

Silver seen losing its glitter

increase in gold prices.

cost," says Shearson.

Production has increased steadily in recent years, by 25 per cent since 1979, as a result

of high silver prices. The inter-national debt crisis has encouraged debtor nations in Latin America, notably Mexico,

Peru and Chile, to step up output, "almost regardless of

BY ANDREW GOWERS AND PETER RIDDELL IN LONDON AND QUENTIN PEEL IN BRUSSELS

THE CORNISH tin industry appealed to the British Govern-ment yesterday for a substan-tial injection of capital over the next five years to fund continua-tion of its investment plans to the event of a collapse in the price of the metal. The plea came during a meet-

ing between a delegation of Cornish MPs, county councillors cornish MPs, county councillors and mining company representatives and Mr Paul Channon, the Trade Minister. It is understood that aid of up to \$50m over five years was mooted, although this figure was apparently not mentioned directly to Mr Channon.

The Government has promised to consider the appeal

Meanwhile, prospects for a resolution of the five-week-old international tin crisis next week dimmed further. In Brus-sels, the European Commission yesterday backed away from presenting any suggestions on the matter, blaming the lack of

consensus among the EEC's 10 member states.

National officials met on Wednesday evening and throughout yesterday seeking to find some common ground. A spokesman for the Commission said the matter had not been discussed at Wednesday's meeting of the 14 Commissioners. Nothing o.6 per cent for Italy, whose small production incurs little cost in export subsidies, to 1.6 per cent for France and West Germany whose larger tonnages cost more to the farm budget.

The Commission aims to use the funds raised to pay off, over

SILVER IS losing its glitter, is

says metal broker Shearson Lehman Brothers Its centuries-old status as a

precious metal is called into

question in the trader's annual

review of the silver industry.

Prices are being influenced
more by supply and demand for
the metal as determined by

global economic activity than by the emotive pull of its pre-cious metal status, says the re-

Shearson says that the most

telling sign of this change is the complete breakdown in mid-1985 of the relationship be-tween silver and the dollar. In.

the past, if the dollar fell, silver prices went up. "Had this hitherto excellent correla-

Starting next Monday, Union Bank of Switzerland, Swiss Bank

Corporation and Credit Suisse will fix an official price per ounce in US dollars. The fixing will take place in Zurich daily

port.

BY STEFIN WAGSTYL

firmly quashed yesterday by the Japanese Embassy in

The British mining com-panies — principally Rio - Tinto Zinc, which operates three tin mines in Cornwall, and Geevor Mines, an independently quoted company—are arguing that a sharp slump in the tin price would deprive them of the capacity to modernise in order to compete on the world market. The Government should

be several rough years, they say.

The Cornish mines, which have undergone something of a renaissance in the past few years under the influence of tin prices artificially supported by the ITC, are among the most vulnerable to a collapse in the price, as their production costs range upwards from about \$7,500 a tonne.

The is trading in the second

therefore step in to help them through what are expected to

several rough years, they

Tin is trading in the secondary market in London at about £6,800 a tonne, sharply below the level of £8,140 which it last

yet on the table for next week's meeting. Britain, concerned about the fetched on the LME. change, where trading in tin has been suspended since the crisis began, has been arguing It is understood that the Government may be willing to consider some limited and temporary assistance to the Cornish industry, depending on the outcome of the ITC talks. isation's debts. But its position is hampered by the fact that the EEC has to speak with one voice at ITC meetings. British ministers do not disguise their No decision has been taken, nor will it be until it is clear what is going to happen to the tin price and the council.

Any help would probably be very restricted and solely be meeting next Monday.

Speculation among traders related to easing the impact The absence of a common that Japan, another major tin- of any abrupt transition in EEC position means that no consuming member of the ITC, Cornwall. This issue is being proposals from ITC members was preparing a new initiative regarded completely separately for accepting the liabilities of to break the deadlock was from discussions about the ITC.

elsewhere.

Demand for silver --- mainly

is gloomy, according to tonnes (1984—3,820 tonnes) Shearson's report. Prices are coming from other sources, much more likely to decline chiefly scrap. The forecast for

Cost," says Shearson.

High prices have also led to increased silver output in mines where it is produced as a co-product or by-product of other metals such as lead, zinc and copper. Some two-thirds of the world's silver reserves are

the world's silver reserves are in mixed orebodies.

blance would inevitably result in a major price collapse, says

nons.

Standard commission on all the member banks more competitive and improve their image. This had, he added, "unfortunately rather suffered from the reintroduction of the first part of of the fir

CASH COPPER closed at the lowest level for two years on the London Metal Exchange yesterday as prices continued their recent bear trend, Cash higher grade metal ended £5.50 lower at £929 a tonne, taking the fall in the last three days to £19.56. But the three months bosition, down three days to £19.50. But the three months position, down only £2.50 at £946.75 a tonne, held above the two year low reached during the day on Wednesday. Zinc also continued its fall with the cash quotation ending £6.50 down at £408 a tonne. It has now fallen £22 since the and of fallen £22 since the and of fallen £22 since the end of last week. Dealers said the falls were influence by firmer stirling against the dollar. But Aluminium resisted the downward pressure from cur-rencies in regaining \$4 of the week's earlier £25 fall at £655 a tonne. The rise was attri-

buted to speculative buying. On the gas oil futures market downward pressure continued to be felt from the tone on to be feir from the tone on the physical oil market. The January position closed at \$262.50 a tonne adding \$4.50 to fails of \$5.25 on Tuesday and \$6 on Wednesday. LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

-	Unofficial	1 44	
İ	close(p.m.) £ per to	-	High:k
Cash 3 months	665-6 678-5-9	+4 +4.25	656,5/ 6 679-676
Official c (647.5-8), t settlement	856 (648). I	ь 678 Fanel K	5 (671: erb clos

COPPER

Higher grade	Unoffic'	+07	High low
Cash 3 months	928,5-8, 946,5-7	5.5 -2.5	934.5 930 955 945
—Take in ta Official ck (9345), three settlement s close; 946.5-	e month	m): C s 947-8	(948.5-9)
Cathodes . Cash 3 months	908-10 936-7	- 8 - 2,5	<u> </u>
Official clo (915-8), three	a month	939-4	0 (938-9).

than rise, barring a sustained 1986 is 10,300 tonnes from increase in gold prices.

elsewhere.	
Demand for silver — mainly in photography, jewellery and	Unofficial + or close p.m.) — High low £ per tonhe
electronics — is this year expected to be a little up from 1984 at 12,120 tonnes in western	Cash 265-,5 ! — 265 3 months 272,25 ,5 + ,12 276 271
world countries, with another slight increase to 12,238 tonnes next year. This excess of supply over	Official closing (am): Cash 265-5 (267.5-8), three months 271.5-75 (273.5-75), settlement 265.5 (268), Final Kerb close: 272-3, Turnover 16,000 tonnes. US Spot: 18.75-20 cents por

Unofficial + or close(p.m.) - 'Righ/low'; E per tonne

NICKEL

	this hitherto excellent correla- tion stayed in place then today's value of silver would be over \$10 an ounce," says the broker. The price in fact is near \$6 an ounce. The outlook for silver prices	In mixed orebodies. Shearson forecasts that Western world mine production of silver in 1985 will be 10,150 tonnes against 10,061 tonnes in	Annual Review of the World Silver Industry. Shearson Leh- man Brothers, 36 Monument St	Cash 2700-19 -7.5 2720 5 months 4756-60 - '3763/2750 Official closing (am): Cash 2,720-50 (2,720-30), three month (2,765-70 (2,760-5), sattlement 2,725 (2,730). Final Karb close: 2,755-65. Turnover 234 tonnes.
retec	Swiss banks BY JOHN WICKS IN ZURICH	to launch Zu	rich fixing	ZINC High grade close ip.m.) — High/low (
tieve	SWITZERLAND'S big three banks, already active in the Zurich Gold Pool, yesterday announced the establishment of a joint silver fixing. This move is intended to assert Zurich's position as a competitor of London on the	or withdrawn during the fixing period. According to Mr Mathis Cabiallavetta of UBS, there could be a considerable difference between the Zurich and	leading Swiss traders are the "big three," who apart from the Zurich gold pool also operate the precious metal brokers Premex. The step, said Mr Cabiallavetta, will beighten transparent.	Cash 407.9 - 6.5 423/414 Tomothis 414.5.5 - 6.5 423/414 Official closing (em): Cash 410.2 (418.9), three months 417.8 (423.5-4.5) settlement 412 (419). Final Kerb close: 413-4. Turnover: 8,275 tonnes: US Prime Western: 33-35.75 cents per lb.
S	world precious metals market. Starting next Monday, Union Bank of Switzerland Swiss Bank	LORGOR fixings, particularly at times of unruly market condi-	ency "in an increasingly com-	Cold fall 89 to 82383 2283 in com

Gold fell \$2 to \$328%-328% in very quest trading on the London bullion market. The metal opened at \$326%-327%, and was fixed at \$328.75 in the morning and \$326.30 in the atternoon, it touched a peak of \$327-327% and a low of \$328%-328%. The market closed early, shortly after the second fixing, with the US shut for Thanksgiving Day. GOLD BUILLION (fine punce) Nov. 27

Close \$5264-5264 (£9204-2214) Opening \$3864-3274 (£9224-2284) M'ni'g 18. \$385.76 AR'n'n fix \$385.30 (£221.175) GOLD AND PLATINUM COINS

Silver was fixed 8.45p an ounce lower for spot delivery on the London buillion market yesterday at 416.35p. US cant equivalents of the fixing levels were: spot 613.5c, down 7.8c; three-month 825.45c, down 8.05c; and 12-month 637.8c, down 8.05c; and 12-month 637.8c, down 8.45c. The metal opened at 4172-4193-p (614-616c) and closed at 415-417p (613-615c).

SiLVER Buillon + or L.M.E... + or p.m. Unoffice'r

INDICES FINANCIAL TIMES

Nov 28 Nov. 27 M*th ago Yearago (Base; July 1 1952 = 100)

REUTERS

Nov. 27 Nov. 26 N°th ago Year ago 1707.8 1714.6 1703.2 1875.5 (Base: September 18 1931 = 100) DOW JONES

Dow Nov Nov. Month Year Jones 27 26 , ago ago Spot 120.52120.64 - 125.45 Fut. 121.86121.85 - 126.81 (Base: December 31 1974 - 100)

MAIN PRICE CHANGES

	METALS	Nov. 29 1986	+_0r	Month ago
	Aluminium	£1100		£1100
	Free Mkt	\$1019/35	+10	975/995
	Copper			
	Cash h Grade	£929	-6,5	2943
	3 mths	£946,75	-2.5	£969,75
	Gold Troy oz	8526.5	2 i	\$324.6
	Lead Cash	2266,25		£265.6
	Nickel	JC272,57	+0,12	£271,25
		1	•	i
	Palladium oz	181/291/c		175-183C
	Platinum oz	19100) + L.(D	\$105,00
	Quickeliver:	8070.10	4 2.00	8248.20
	Silver troy oz	416 24		91001110
	_4 months	427 90	-6.70	450.03p
	Tip cash-	1		101200
•	3 months	1 -		i :
	Tungsten	371.41		\$70.73
	Wolfram 22,815_	858/64		262 KR
	Zinc	£408.5	-6.5	£372.5
•	3 months	£414.75	-5.5	£392.5
'	Producers	\$660,670		8750

Coconut (Phili \$390x \$425 Palm Malayan \$385z -2.5 \$386

Barley Fut. Mar. £112.36 -0.18 £110.06 Maize £140.00£144.00 Wheat Fut. Mar. £114.85 +0.45 £109.66 No. 2 Hard Wint.;

Coccos Ft. Mar. | £1673.5 + 9 | £1679 | Coffee Ft. Jan. | £1860.5 - 7 | £1893 | Cotton A Index | 647.70c | -0.3 48.15c | 648.25c | -4.5 2264 | 65.0p | -56p | 5605 | 56p | 5605 | 56p | 5605 | 56p | 5 t Unquoted. x Dec-Jan. w Nov-Dec. u Dec. t Per 75 lb flask. c Cents per pound. 7 Jan.

COCOA

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Dusine: Í <i>ac</i> ture	se was rofftake	quiet wit	h light	Mai
		Gill and	0119111	

GOCOA	Yesterday's		Business
	£ per tonne	i	Done
May	1627-1628 1673-1674 1693-1694 1709-1710 1727-1728 1718-1720 1738-1737	+9.0 +6.0 +2.6 -0.5	1709-1687 1717-1708 1755-1725 1755-1719
Sales: 5,8	49 (3,825) (otsof 10	tonnes

ICCO Indicator prices (US cents per pound). Daily price for Nov 27: 108.58 (108.79); five-day average for Nov. 28: 107.11 (106.70).

After opening ov.

COFFEE

During a quiet session volume was light and prices stayed in a narrow range, reports Orexel Bumham Lambert. The US holiday tended to dampen mainest but prices remained steady as comission house buying emerged in the afternoon.

COFFEE | Yesterdy's + or Business | Done Sales: 1,962 (2,858) lots of 5 tonnes. ICO indicator prices (US sents per pound) for November 27: Comp delty 1979 141.57 (140.02); 15.day average 140.21 (140.03)

FREIGHT FUTURES

The market rose on a further rumour of an increase in physical rates. These gains were not maintained as profit-taking emerged and with final quotions were only slightly above the

Jan. 903/905| 918/906 | 896/899 April : 950/955| 960 | 950/952 July : 840/845 — 840/848 Oct. 915/940 — 925/940 Jan. 948/960| — 946/948 April : 995/1000 890 950/1000 April 995/1000 July 985.890 Oct. 976.990 Turnover: 143 (170).

GRAINS

Wheat railled 25p on a steadier physical market but strong shipper self-ing ahead of the EEC weekly tender depressed values. Barley again sew quier tradingand closed slightly lower. reports Muirpace. WHEAT

Yesterd'ys + or Yesterdys + or close — close — Mnth

p. per kilo (deadweight)

Fob....... 102.50 : 102.20 : 102.4-102.2 |
April 103.50 : 103.20 : 103.6-184.4 |
Iune..... 100.70 : 100.40 : 104.50 |
O.t.... 104.40 : 104.30 |
Nov.... 105.30 : 105.50 |
Subes: 31 (15) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION — Average latitude price of the prices at representative markets, GB--Cattle 97.85p per kg st (+1.83) |
GB--Sheep 143.94p per kg st (-1.77) | GB--Pigs 83.04p per kg (w (-1.69))

South Africa faces mounting pressure against coal sales

BY GERARD MCLOSKEY

minister Mr Laurent Fabrus an nounced that renewal of contracts with South African coal for supplying 400,000 tonnes tracts with South African coal imports controlled by the state-owned agency. Atic, the Government's decision can be Government's decision can be effected immediately. Already two major coal contracts are threatened—those with Electricated by France and with an offshoot of the French coal producer Charbonnages de France. In the longer term South Africa In the longer term South Africa faces total exclusion by Europe's top coal importer—in 1984 France bought 21.6m 1984 France bought 21.6m can from South Africa.

Supplying 400,000 tonnes to the Japanese Government connected a cut of \$1.97 a tonne on 1985-1986 price levels. If this size of price cut for Total's relatively high 12,060 Blu/lb calorific value steam coal is used as a benchmark in Europe it will come as a deep relief. Cuts of as much as \$6 a tonne have been talked about and between \$3 and \$4 widely expected.

But with many European and Asian contracts still to be grappled with it has been the UK's Central Electricity Gen-

US markets were closed yesterday for the Thanksgiving Day holiday

The second blow came on November 18 when the Danish November 18 when the Danish unions embarked upon a tenweek ban on the handling of South African goods and services. Immediately hit by this ban were two cargoes already at sea, carrying in excess of 250,000 tonnes for the Danish utility buyer Elsam. Denmark has banned imports of South African coal beyond 1990.

But relief for the frayed nerves of the South African industry was not far behind. The main worry had been on what these events, combined with a general oversupply of steam coal, would do to contract prices currently under renegotiation. With attention focussed on Europe where, since contracts are based on calendar years, settlement was more urgent. It was a surprise that it was the Japanese mar-ket, geared to financial year renegotiation, which brought the relief for South African mining houses,

In the past few weeks a series of salesmen representing both coking and steam coal pro-ducers have been trekking around the buyers and the trading houses in Tokyo anxious for early agreement and openly touting, in the case of coking coal salesmen, offers of price cuts. With Japanese steel priduction forecasts falling once again, all this has been to no avail for the coking coal producers. But their steam coal colleagues have fared better.

In a tumultous two weeks South Africa has been brought considerable surprise this week when news emerged that the face to face with mounting when news emerged that the South Arican coal producer, European pressure against the purchase of its steam coal. Total — co-incidentally French purchase of its steam coal. The first blow came two weeks The first blow came two weeks ago when the French Prime ago when the French Prime fobt Richards Bay for its 1986-87 contracts. The agreement, nounced that renewal of contracts with South African coal to the Japanese Government.

AFRICA L

expected.

But with many European and Asian contracts still to be grappled with it has been the UK's Central Electricity Generating Board which has walked into the limelight on the spot market in Europe. Already the British utility, which has traditionally imported its coal only tionally imported its coal only after the costly unloading, sfor-ing, reshipping process of first landing its coal at Continental ports, had decided to take one shipment from its long-term contract with New South Wales exporter Austen and Butta. directly into the Scottish port of Hunterston. The 100,000-tonne delivery is expected shortly.

INTERNATIONAL COAL REPORT SPOT STEAM COAL MARKER

November 1985 October 1985 November 1984 852 (South African 10,600 Btu/lb 0.8% sulphur. fob barge, Rotterdam)

On top of this, last week the

electricity producer asked for bids to be submitted for a spot delivery of up to 130,000 tonnes with optional delivery into Hunterston. The final destination for this coal is expected to be the Lancashire power station of Fiddlers Ferry. Spot prices for coal in Europe remain unchanged at around \$38 a tonne for fob barge quanti-

ties of South African coal.

With even lower prices being settled in a series of Spanish

spot deals with South Africa, a further fall in barge prices

is expected, keeping in pace with contract renewal settlements. Gerard McCloskey is Editor of the FT Internation Coal Report.

April, values were trimmed by profit-taking selling interest. Selling con-tinued throughout the afternoon result-ing in a further drift in prices. A slight hint in the physical market of increas-ing supply with consequent price re-sistance may also have contributed to the slide, reports Coley and Harper.

at modest levels. Navertholess price continued to fall, losing 60c. In the petroleum products market, naphtha fell heavily in active trade on the for-ward positions. Heavy fuel prices were stable with domand from utilities matched by good supply. On gas full the new trading period started—Petro-leum Argus. London.

£ per tonne Sales: 530 (764) fets of 40 tennes.

SOYABEAN MEAL The market opened 50p up in quiet trading, reports T. G. Roddick. Prices remained steady on underlying commercial support in light trading due to the US holiday.

E Patroleum Argu

125.8-125.0 +0.50 —
125.8-125.0 +0.50 —
125.8-126.5 +0.25 1-0.50 —
121.5-122.5 +0.15 122.1-122.0 GAS OIL FUTURES

22.0-122.0 -0.25 — Yest'day'
123.0-125.0 -0.25 — Month Gose

Sales: 120 (252) lots of 20 tonnes.

SUGAR

LONDON DARLY PRICE—Raw sugar \$139.50 (295.00), up \$3.00 (up £2.00) a tonne for Nov-Dec delivery. White sugar \$175.00, unchanged.
Despite good buying interest from one quarter prices eased over the day, reports C. Czarnikow.

Sales: 439 (2.227) lots of 50 tonnes,
Tate and Lyle delivery price for granuleted basis sugar was £198.00
(£192.00) attenne for export.
International Sugar Agreement —
(US cents per pound fob and stowed
Caribbean ports). Prices for Nov 27:
Daily price 5.38 (5.49): 15-day
average 5.42 (5.35). PARIS — (FFr 23r tonne): March 1384-1385, May 1404-1410, Aug 1440 brd, Oct 1480-1485, Dec 1498-1515, March 1550-1560.

8 U.S.

RUBBER

PHYSICALS — The London market openal alightly easier, attracted little interest throughout the day and closed on an easier note, reports Lewis and Poat. Closing price (buyers), spot 58.0p (same). Jan 53.75p (54.25p), Feb 54.25p (54.75p). The Kuela Lumpur fob price (Melaysia/Singapere cents) par kg RSS No 1 was 176.5 (177.0) and for SMR 20 171.5 (170.0).

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No. 6 Yest'day's Previous done tract | CRUDE Oil FUTURES—Brent Blend Index. S a barrel. (Close, change business done): Index 29.19, -0.60; Jan 28.55-28.55. -0.78. 28.70-28.55; Peb 27.80-27.85, -0.55. 27.95-27.85; March 28.68-152.8 181.4 182.4 182.8 182.8 182.8 181.4 182.8 182 19. pet 16

London

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DOCUMENTS.

ally. This unusual phenomenon has just been documented in a study by Anthony Bird study by Anthony Bird Associates, the London-based metals analysts.*

Most analysts have assumed

have contributed to the reduc- about 63 cents a pound.

1.-Many very high cost smel- still making aluminium? ters in Europe, the US and, in particular, in Japan, have closed, thus causing the average fact, for each of the 140 or so

2.—The price of alumina, the past few years because of heavy ployment. Also, most smelter been urging Alcan Aluminium Anthony Bird Associates, 193 overcapacity. Roughly two operators have long term take- of Canada, the industry leader, Richmond Road, Kingston upon tonnes of alumina are required of pay contracts for alumina, to make a major production Thames, Surrey KT2 5DD, to make one tonne of and so a calculation must be cutback. They argue that this £3,300.

unsustainable has been a \$180 today.
subject of wonder in the 3—Many
metal markets for some time, managed to r 3—Many producers

that in an inflationary era, with the cost of most inputs steadily rising, prices of any material so the price of electricity is could only drop for a short time before a shakeout of producers would occur.

The surprise in the surprise in The surprise in the aluminium industry is that production costs have actually been declining in recent years, and declining rather dramatically. This unwised photographs of the US have come down when expressed in dollars when expressed in dollars simply because of the rise in the value of the dollar.

The study found that the a pound, that most producers average operating cost of are losing money at today's aluminium smelters in the price of about 46 cents. And western world today is 47.7 even those who are covering cents per pound of metal. This represents a remarkable 18 per certainly not covering their cent decline from the level presents of the producers and depreciation charges to the producers are not producers. charges too. Mr Bird estimates vailing only three years ago.

Mr Tony Bird, who made the study, says that four factors average aluminium smelter are

So why are all these people producers in the western world. main raw material for making cult to close smelters because aluminium, has tumbled in the of a reluctance to add to unem-

THE STEADY fall of world aluminium, and the price of made on whether or not it would be the signal the market aluminium prices to levels alumina has fallen from \$250 would cost more to close a parpreviously thought to be a tonne in early 1982 to around ticular smelter than to keep it price.

Living with aluminium losses

managed to negotiate reductions in their electricity charges. It takes six to 12 kilowatt hours to make a pound of aluminium,

associates, the London-based letals analysts.*

The study found that the apound, that most producers apound, that most producers

In many countries it is diffi-

ounce in US dollars. The fixing will take place in Zurich daily at 10.30 am.

Unlike a similar London institution, the Zurich system will be a so-called "open fixing."

with a minimum of \$50 or SFr the reintroduction of the sales tax on physical gold. In the standard price.

tution, the Zurich system will be a so-called "open fixing."

OPERATING COSTS* OF PRODUCING ALUMINIUM Alcan (Canada) Alusuisse (Switzerland) Pechiney (France) Alcoa (US) Kaiser (US) Reynolds (US) * Excludes interest and deprecia-

Source: Anthony Bird Associates, London Then, each company makes its own assessment of the market cent of western world capacity

year, and most analysts are looking for a sharp turnaround n prices in the near future.

Finally, there is the question

ters will start up again, thus stifling or at least slowing the in prices in the near future. of the psychological impact of closures. Many people have been urging Alcan Aluminium

But Mr David Culver, pres

dent of Alcan, says there is no assurance that such a move would have the desired effect. And if it did not, what should be done next? Mr Culver wonders if Aluminium Company of America and Reynolds Metals,

the largest and second largest US producers respectively, may have hoped for such an impact with the major closure announcements they have made in the past few months. If so, they have been disappointed. However, the fact remains— and Mr Bird's study illustrates it beyond doubt - that the current situation is unsustainable. What remains unclear is when the price will start to rise and how strongly it vill recover.

Again, Mr Bird's study is helpful in indicating that the recovery will probably be pretty sluggish. It points out that more than more than 90 per outlook World consumption of of 13.1m tonnes can operate aluminium has been greater profitably at a price of 60 than production for nearly a cents a pound. In other words,

> upward trend. *Aluminium Production Costs

,这是我们的,我们就是这种的,我们就是这种的人,我们就是这种的人,我们就是这种的人,我们就是这种的人,我们就是这种的人,我们也不是这种的人,我们就会不会不会的 第一章 我们的,我们就是我们的,我们就是我们的人,我们就是我们的人,我们就是我们的人,我们就是我们的人,我们就是我们的人,我们就是我们的人,我们就是我们的人,不

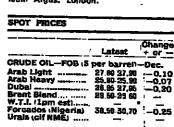
cents a pound. In other words, it is likely that if the price does start to rise, a lot of smel-

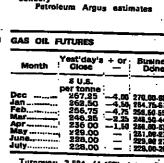
Krgrrnd \$32814 32834 (£2824 22312) Is Krug. \$1723-17312 (£117-11712) Is Krug. \$8714 8814 (£2824 3412) Is Krug. \$3514 3614 (£2824 3412) Mapleleaf \$35561 357 (£22714 22814) In Brug. \$35516 357 (£22714 22814) In Brug. \$35516 357 (£22714 22814) In Brug. \$3516 357 (£22714 22814) In Brug. \$3516 357 (£22714 22814) In Brug. \$3714 434 (£2514 2914) In Brug. \$450 490 (£254 5612) In Noble Plat \$35712 35614 (£242 24434)

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MEAT

OIL The US holiday kept Brent activity





Turnover: 3,584 (4,457) lots of 100

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forecast from a leading German bank, while the market was also impressed by the record German current account surplus in October, - published Tuesday, which was in sharp contrast with the continuing large US trade deficits. The dollar was fixed at DM 2.5318 in Frankfurt, compared, with DM 2.5495 on Wednesday. The fixing was the lowest since June 27 1983, and came after a relatively lengthy

came after a relatively lengthy

and nervous session, without any

rency closed at DM 2.5320, com-

CURRENCY RATES

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Ceg

Strong demand for D-mark

Strong demand for the D-mark pushed the dollar down to another 21-year low on the foreign exchanges yesterday. Growing optimism about the prospects for the German economy was the main influence, on a day lacking any significant economic news. Closure of U.S. banks and markets for Thankspiving Day restricted turnover, and with many US dealers expected to include today in a long weekend holiday trading is likely to remain thin and nervous as the end of the month arrives. likely to remain thin and nervous as the end of the month arrives. Speculation has tended to increase about an early cut in the Federal Reserve's discount rate, to stimulate a sluggish economy, but this will depend on the Feds' attitude towards where supply. Weekly M1 is money supply. Weekly M1 is expected to rise about \$2.5bn, when published a day later than usual today, leaving it about \$10bn above the top of the target

The dollar fell to DM 2.5285 from DM 2.5420, finishing at the lowest closing level since June 24 1883. It also declined to FFr 7.720 from FFr 7.7450, and SFr 2.080 from SFr 2.09, but improved to Y201.50 from Y201.

The exchange rate index for the dollar, on Bank of England figures, fell to 126.5 from 126.9.

POUND SPOT - FORWARD AGAINST POUND

0.44-0.41c pm 0.45-0.35c pm 23-13c pm 23-18c pm 33-23-ore pm 0.24-0.10p pm

0.24-0.10p pm 27-21pf pm 185-485c dis 50-115c dis 3-7 lire dis 3-22c pm 19-22-ore dis 0.95-0.51y pm 121-105-pp pm

One month

1.477 8.735 297.5 11.40 3.085 4.200 2527 2.038 75.70 1. 2.529 201.5 7.720 2.088 2.844 1711 1.380 51.25

DOLLAR SPOT-FORWARD AGAINST DOLLAR

DM 7 0.258 0.395 1. 79.65 3.053 0.836 1.124 676.6 0.546 20.27 YEN 3.361 4.965 12.55 1000 88.33 10.37 14.12 8595 6.849 254.5

You per 1,000: Freach Fr per 10: Line per 1,000: Beig Fr per 100.

EURO-CURRENCY INTEREST RATES

0.677; 1.895 3.276; 260.9| 10.1 2.706; 3.683; 2316; 1.787; 66.39 0.324; 0.479; 1.211; 96.43; 3.695; 1, 1.361; 819.2; 0.661; 24.54

0.238 0.362 0.869 70.85 2.715 0.735 1 601.7 0.485 18.02 0.396 0.584 1.478 117.7 4.512 1.221 1.662 1000 0.803 29.95 0.491 0.725 1.933 146.0 8.596 1.514 2.061 1240 1. 37.15 1.331 1.951 4.934 393.0 15.06 4.075 5.649 3339 2.692 100

D-MARK — Trading range against the dellar in 1985 is 3.4510 to 2.5285. October average 2.6443. : Exchange rate index 129.1 against 121.3 six months The D-mark was very strong against other major currencies in Frankfurt yesterday, causing a little turbulence in the EMS. Dealers reported funds moving away from the dollar, sterling, the Swiss franc and the yen as attention focused on strong West German economic performance. German Gross National Product growth Bext year will exceed 1.4770 to 1.8525. October average 1.4217. Exchange rate index rose 0.1 to 50.3, the day's high, after opening at 50.6, and recovering to 50.7 at 11 am, Six months ago the index was 79.0. growth next year will exceed US expansion, according to a forecast from a leading German

Sterling appeared to suffer from some early nerves, on a reort that Saudi Arabian oil output may be above its Opec quota. The pound was also sold, along with other major currencies, against a very strong D-mark. But after an early decline sterling began to recover, and although finishing weaker against the D-mark led EMS block of currencies, improved against the yen, and closed at the highest level in terms of the dollar since March 1984, gaining 30 points to \$1.4765-1.4775. It also rose to SFr 3.0850 from SFr 3.08 and igures, fell to 126.5 from 126.9.

STERLING — Trading range and FFr 11.4025 from FFr gainst the dollar in 1985 is 11.4150.

p.e. wonths

3.45 1.23-1.19pm
2.35 1.25-1.12pm
3.85 57-51pm
3.25 61-52pm
2.33 7-62pm
1.65 0.53-0.23pm
7.23 67-62pm
-16.96 615-1505ds
-4.29 223-300ds
-2.37 1176ds

One Year

FUTURES Quiet trading

FINANCIAL

Gilt futures weakened on the ondon International Financial London International Financial Futures Exchange yesterday. After a stronger start prices fell back, to come into line with cash, as dealings opened in the new convertible short tap stock. The strong response to the film issue, which sold out on its first day's trading on Wednesday, had left intures prices running ahead of cash overnight. Cash prices were also slightly weaker yesterday, as sterling improved against the dollar, but suffered along with the Swiss franc and yen from strong demand for the D-mark. Nervousness about oil prices, after a report that Saudi Arabian production has exceeded its Opec quota, also kept the araban production has exceeded its Opec quota, also kept the pound soft against Continental currencies. Most trading has now moved into March delivery long gilts. This contract opened at 113-12, near the day's high of 118-13, and after touching a low of 118-13, and after touching a low of 118-00 closed at 113-05 com-

of 113-00, closed at 113-05 com-pared with 113-09.

Short sterling remained quiet and steady, amid little expecta-tion of any change in UK bank base rates before the new year. intervention by the Bundesbank. It was suggested the next major support level for the dollar is around DM 2.52. The US cur-March three-month sterling depared with DM 2.5545 un

March three-month sterling de-posits began at 89.18, the day's high, and closed at 89.15, against 89.17 on Wednesday.

Trading in dollar denominated contracts was also quiet, with Chicago closed for Thanksgiving Day. A higher trend in US Treasury bond futures followed an unward more in Chicago **CURRENCY MOVEMENTS** an upward move in Chicago on Wednesday, prompted by hopes of a cut in the Federal in response to the conclusion of a \$61bn refunding package by the US Treasury. March Treasury bonds opened and closed at 80-12, compared with 79-24 previously, with the market pleased at the success of the US Treasury's auction of five-year notes.

five-year notes. Rates in the futures and options tables for Chicago and Philadelphia are for November 27, because of yesterday's closure of markets for Thanksgiving

STERLING INDEX 8.30 am 9.00 am 10.00 am 11.00 am 50.6 80.6 80.7 80.7 80.7 80.7 80.7 80.7 80.7 80.6 80.7 80.7 80.7 80.7 80.8

CURRENCY FUTURES POUND-\$ (FOREIGN EXCHANGE) Spot 1-mth. 3-mth. 5-mth. 12-mth. 1/4770 14728 1,4650 1,46 Close High Low 1.4666 1.4735 1.4610 1.4595 1.4625 1.4505 1.4465 1.4520 1.4400

*C\$/SDR rate for Nov. 27: 1.50067. OTHER CURRENCIES Sept 1.4200 1.4455 1.4520 \$ 1.4400 | Sept 1.4200 1.4455 1.4255 1 | LIFFE—STERLING £25,000 \$ per £ LIFFE-DEUTSCHE MARKS DM 125,000 S per DM

EMS EUROPEAN CURRENCY UNIT RATES

THE CORP ±1.5425 ±1.8421 ±1.1455 ±1.3654 ±1.5162 ±1.6673 ±4.0856 -0.31 -1.52 -1.36 -1.53 -1.53 -1.43 -1.66 Changes are for Ecu, therefore positive change denotes a

\$18.218 \$18.618 \$19.618 \$19.834 812.834

MONEY MARKETS

11½ 12£

87g 93g 53g57g 7g.11g 41g.45g 11.13 8-10

Can Dollar... D Guilder.... Sw. Franc.... Deutschmrki Fr. Franc Italian Ura...

EXCHANGE CROSS RATES

London rates little changed

Long-term Eurodollars: two years 84-9 per cent; three years 94-95 per cent; years 94-94 per cent; two years 97-934 per cent nominal. Short-term are cell for US Dollars and Japanese Yen; others two-days' notice.

81₂-85₄ 81₂-81₄ 73₄-77₆ 9-91₈ 8/6-8/6

812-834 812-834 74-74-9-912 8/8-8/8

Interest rates remained steady a money market shortage of a take-up of Treasury bills in Frankfurt call money eased drained, 2825m, with a rise in the to 480 per cent from 4875 per money market, with attention mainly concentrated on overlaight trading. Market help of 2274m was proposed to have been slightly before lunch the suthorities beginning according to the Bank bulls outright, by the form of the suthorities bought 2020m bills outright, by the form of the suthorities bought 2020m bills outright, by the such decreases ranking the such decreases and such decreases the such decreases and such decreases the such decr Interest rates remained steady in quiet trading on the London money market, with attention mainly concontrated on overnight trading. Market help appeared to have been slightly overdone, according to the Bank of England forecast, pushing the overnight rate down sharply, happy to pick up as much theap money as possible, in vided.

Before lunch the authorities bought \$202m bills outright, by way of £16m bank bills in band 1 at 11? per cent; £91m bank bills in band 2 at 11? per cent; and £95m bank bills in band 4 at 11.2 per cent. cheap money as possible, in expectation of a very large

11 the per cent.

In the afternoon the Bank of England purchased a further f72m bank bills outright, in band 2 at 11 th per cent.

Bills maturing in official hands, repayment of late assistance and UK clearing banks' base lending rate 11½ per cent since July 30 **NEW YORK RATES** credit shortage today. Sterling

was stronger against the dollar, but weaker against continentals, leaving interest rates steady. Three-month interbank remained at 11-11 per cent, while discount houses buying rates for three-month bank bills eased slightly at 11-2 per cent from 11; per cent. Dealers reported some confusion in the market as a result of large sums moving around the banking system after the success of the gilt tap, and in pursuit of Laura Ashley shares. Fed funds at intervention
Treasury Bills & Bonds
One month
Two month
Two month
Six month
One year
Two year
Three year
Four year
Seven year shares. The Bank of England forecast 30 year

MONEY RATES Ow'r-nig't Month Months Months Months in wation

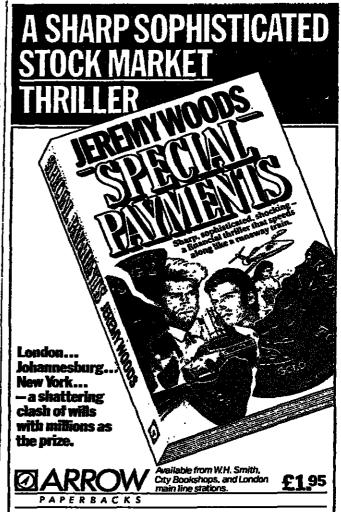
The fining rates are the arithments working day. The hanks are kindons! westness recarded to the nearest one sketnesses, of the bid and offered rates for \$10m quoted by the market to Paris and Morgan Guaranty Trust. LONDON MONEY RATES Month Months 5-12 114-12 14-1170 1112 6-113, 1119-115, 10-12 1178-12 Treasury Bills (sell): one-month 11½ per cent: three-month 11 per cent: Bank Bills (sell): one-month 11½ per cent: three-month 11½ per cent. Treasury Bills: Average tender rate at discount 11.1177 per cent. ECGP Fixed Finance Scheme IV reference rate October 2 to November 5 (inclusive): 11.808 per cent. Local authority and Finance Houses seven days notice, others seven days fixed-Finance Houses Base Rete 12 per cent from November 1 1985. Bank Deposit Retes for sums at seven days notice 5.25-8.625 per cent (nd). Certificates of Tax Deposits (Scriets 6): Deposits 500,000 and over held under one months 11½ per cent: three-six months 11½ per cent: slx-nine months 11½ per cent: nine-12 months 11½ per cent: under £100,000 log per tent for the first per cent slx-nine months 11½ per cent nine-12 months 11½ per cent. Under £100,000 log per tent form November 19. Deposits keld under Series 5 11½ per cent. Deposits withdrawn for chah 7½ per cent.

FT LONDON INTERBANK FIXING

(11,00 a.m. Nov. 28) Three months U.S. dollars

LONDON Close 81-16 80-12 79-13 20-YEAR 12% NOTHORIAL GILT E50,000 32nds of 100% Close 81-09 80-84 79-04 78-07 77-12 76-20 75-31 74-29 74-16 Close 92.26 92.88 92.80 92.50 92.23 91.94 91.68 91.42 Close High Low Pac Dec 143.25 144.60 142.20 143.1 March 144.36 145.10 144.40 144.7 Estimated volume 906 (220) Previous day's open int 2.126 (2,108) 92.28 92.29 92.09 91.77 Close High 91.97 92.00 91.97 91.99 91.79 91.81 91.49 91.59 91.19 91.19 ad volume 1,487 LIFFE—EURODOLLAR OPTIONS \$1m points of 100%

LIFFE £/\$ OPTIONS . £25,000 (cents per £1) March 27.77 22.77 17.77 12.77 8.09 4.90 2.67 Dec 27.80 22.80 17.80 12.80 7.80 2.96 0.50 Voi ----28 3 5 . 12.80 7.80 3.70 1.30 Int, Call:



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Amount remaining in circulation as at January 1st 1986 US\$38,400,000.

> Banque Internationale a Luxembourg Societe Anonyme

Luxembourg 29th November 1985

S WORLD VALUE OF THE DOLLAR BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

1.10

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 27, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All

Bank of America, Economics Dept., E.M.E.A. London Eurodollar Libor as of November 27 at 11.00 a.m. 3 months: 8 to 6 months: 8 to 6

ECU=SUS.86639 SDR1=\$US1.08906 Sibor as of Nove 3 months: 81 er 27 at 11.00 a.m.

VALUE OF DOLLAR VALUE OF DOLLAR COUNTRY CURRENCY COUNTRY CURRENCY 2.70 7.77 1.00 1.00 3.28 170.479 22.6667 4.13 5.00 2.00 2.55 7.8055 47.99 50.50 6.874 4.8232 7.77 157.45 29.918 2.70 0.801 1.4867 17.92 151.00 1.00 2.3769 157.45 50.50 2.0113 51.567 51.565 2.00 1.00 13.015 13. E. Carlbb Franc U.S. \$ reșu N.Z. Dollar E. Caribi Austral (Dollar Schilling Port. Esc Krona.

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(10) 41,60 12,015 1122,00 84,7523 0,3109 1,3119 1479,50 1723,50 588,50 2.70 1.4693 2.70 7.77 2.70 2.1299 E Caribb r. Franc Caribean S Dollar D.F.A. Franc Dollar Ind. Rupes | Peso (0) | Peso (f) Pula (5) Lira (11) C.F.A. Franc ao Tome & Principe DR Bolivia. Dollar (c) (5) Yen Dinar Riei Shilling Dobra 41,5497 3.65 388.50 6.6429 6.00 2.091 1.5613 36.60 2.6380 157.45 Sandi Arabi Lev C.F.A. Franc A. 14.8266 1.4528 0.947 690.90 0.289 55.00 17.55 2.6585 1.00 0.2961 2.092 51.597 81.1138 533.954 161.00 1.5838 2.4211 77.70 14.312 496.50 324.80 77.77 77.70 14.312 496.50 324.80 77.77 73.755 52.70 rra Le so Pipis D. Ren Span Ports in N. . Sp. Peseta 157.45 27,39 2,50 1,785 2,6385 7,6925 2,092 3,925 - Dollar (o) - Shifling Baht C.F.A. Franc Pa'anga Dollar 39,82 16,30 26,10 388,50 1,4567 2,409 0,7805 661,29 1,00 1,4567 Franc Ougulya Rupes Peso (d) (12) Peso (e) (13) Fr. Franc Fr. Franc Tugrik (o) E. Caribbean 126,25 95,75 0,83 1,555 2,50 5,85 3,88,50 9,9215 1,4693 1,0995 5,4885 7,77 588,50 7,77 141,273 388,50 3,403 2,5495 4,4693 1,4693 1,4693 1,50,60 9,2215 992.00 Colon (d) United Arab Emir. Dirham United Kingdom Pound Ste 1,4567 18,30 2,8699 1,80 1,74 10,00 700,00 388,50 0,9225 7,6495 0,3456 101.005 1785.50 7,50 4,50 15,875 Bolivar (g) - Bolivar (g) (1) Bolivar (o) Franc G.F.A. Franc r. C'ty in Af ... r. Guiana r. Pag. is abon Franc G.F.P. Franc G.F.A. Franc Palasi Datasi Ostinark (o) Mark Cedi (14) Pound* Dractima (4) Dan, Krona n.a. Not available. (m) Market rate. *US dollars per National Currency unit. (a) Fraemarket central bank. (b) Official rate. (c) Commercial rate. (d) Fraemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-assential imports. (i) Floating tourist rate. ber 11. Kwache devaluated by 56 per cent. (4) Greece October 11. Official rate devaluation of approximately 12 per cent. (3) Zambis: October 13. Arphala: June 10. Official devaluation of approximately 15 per cent. (5) James: November 8. Rate Arabla: June 10. Official devaluation of 7.1 per cent. (6) Argentina: June 15. New currency introduced—1 Austral equals 1.000 Pecce. (9) Chief June 22. within the EMS. (12) Maxim: July 11. New free rate immoduted to replace oid tree rate. (13) Maxim: July 21. Official devaluation of 8.8 per cent. (14) Ghana: October 7, Cedi devalued by approximately 5 per cent. For further information please contact your local branch of the Bank of America.

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Financial Times Friday November	r 29 1985		31
	PROPERTY Continued PROPERTY Continued	Record Property ### PAIR COLUMN STATE	
20	April 10 120	12 129 129 137 134 134 134 134 134 134 134 134 134 137 137 138 134 137 137 138 134 137 137 138 134 137 137 138 134 137 137 138 134 137 137 137 138 134 138 134 138 134 138 134 138	Miles 255 43 13 134 135 135 135 135 135 135 135 135 135 135
213 170 Chrysdin 223 23 24 226 36 144 77 65 Repairing	(a) (a) (b) - 13 - 52	290 200 0 1 Penter 2006 15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Acros 81. 192 -1 1050c, 31, 50 This service is available to every Company deaft in a Stack Each age of 2 1050c, 27, 53 47 -1 1013cd 2.0 7.5 Each ages throughout the Halland Kingdom for a fee of 2800 per amount for each security.

E

RECENT ISSUES

EQUITIES

Attempt to emulate Wall St strength ends in failure

Account Dealing Dates
Option
*First DeclaraDealings tions Dealings Day
Nov 11 Nov 21 Nov 22 Dec 2
Nov 25 Dec 5 Dec 6 Dec 16
Dec 9 Dec 19 Dec 20 Jan 6
"New-time" dealings may toke
place from 9.30 am two business days
earlier.

Leading shares failed to emu-Leading shares failed to emulate the strong performance of Distillers next week, eased a
Wall Street on Wednesday
which ahead of yesterday's
Thanksgiving Day holiday surged led the way, rising 9 more to
forward to a new peak. The
market in London opened confidently on hopes that investment demand would revive after to
the recent luil. Brokers were to
impressed with the previous
session's rebound from Tuesday's low levels and cited this
as an underpinning influence.

Still expected to launch a bid for
Distillers next week, eased a
penny to 337p. Brewerles were
lively. Once again, Allied-Lyons
130p. after 306p. availing a fresh
initiative from Elders IXL.
Scottish and Newcastle rallied 5
pency to 657p.

John Laing and George
Wimpey's decision to withdraw impressed with the previous session's rebound from Tuesday's low levels and cited this as an underpinning influence.

The two main indices both showed sharp gains within minutes of the start but it became evident a while later that buyers were not prepared to chase values higher. Funds available for new investment were limited, being no doubt depleted by the subscription for the Laura Ashley issue; it was suggested that nearly £3bn had been put up for the nearf67m of stock offered to the public.

Top-quality industrials began to ease back and traders were settling down for an uneventful day when a mid-session burst of profit-taking erupted. The sales were initially aimed at oil shares and the sector, already sensitive to spot oil price trends, reacted nervously. Most areas of the market were later caught up in the uncertainty and many current favourite shares suffered.

market were later caught up in the uncertainty and many current favourite shares suffered.

Selected high-flying Stores fell back and, in the absence of any guide from New York, the general feeling of unease continued into the after-hours' trade. Finally the FT Ordinary Share Index settled 5.9 down at 1133.0, after having been 8.6 up the 30 am calculation. The at the 10 sm calculation. The FT-SE 100 Share Index portrayed

a similar picture, ending 8.7 lower at 1,429.3. Sterling's continued firmness against the dollar and some other leading currencies gave support to Gilt-edged securities. Comment on the Government's funding needs after Wednesday's sell-out of the latest £1bn offering also contributed to the tone. Demand soon dried up, however, and prices later struggled to hold the early gains. The new stock, £40-paid Exchequer 104 per cent Couverable 1989, per cent Converunte 1202, achieved a premium in first-time dealings, touching 4012 before

closing at 40 %.

Insurances below best

Investors returned for insurances and, although closing levels were below the day's best, gains ranged to 10. Sun Alliance added 10 at 550p, after 558p, while Royals put on 8 at 785p, after 797p, and General Accident 5 at 722p, after 728p.

Commercial Union hardened a couple of pence to 233p, after 10 per cent stake in the company before closing a net 3 dearer on

and equities close lower on day light following a meeting with analysts and advanced to a new high of 513p before settling 10

nigh of 513p before settling 10 up on balance at 510p. Argyll, still expected to launch a bid for Distillers next week, eased a penny to \$37p. Breweries were lively. Once again, Allied-Lyons led the way, rising 9 more to 301p, after 306p, awaiting a fresh initiative from Elders IXI. Scottish and Newcastle railled 5 to 191p. after 1940. But Bass.

P/E R

results.
ICL, firm initially at 729p on Wall Street influences, drifted back in the absence of followthrough support to close un-changed at 720p. Elsewhere in the Chemical sector, Wardle Storeys found support at 220p, up 4, while British Benzol gained 3½ more to 34½p on "shell opera-

Stores mixed

Leading Retailers succumbed to profit-taking after Wednesday's late upsurge. British Home, however, still reflecting counter rextile, on the results, improved between narrow extremes of 417p and 413p before closing a penny easier at 414p; Sears mentioned as a possible suitor, relinquished the same amount at 117p. Habitat Mothercare, meanwhile, lost 24 to 540p as doubts about its planned link-up with BHS began to unsettle the market. Burton dropped 21 to 572p and Woolworths shed 23 at 572p, while Harris Queensway declined 12 at 270p. Marks and Speacer closed a few pence off at 181p, after 178p.

Secondary Stores provided numerous firm features. A Wood Mackenzle recommendation for mail orders helped Freemans rise 4 to 384p and Grattan advance 14 to 380p, after 382p. Speculative beginning for a two-increased dividend and earnings, rose 5 to 155p.

Leading Retailers succumbed to profit taking after Wednesd in provements of 8 were seen in NSS Newsagents, 118p, and Superdrug, 503p. Etam improvements of 2 to 20p. Inclined harder at the opening, leading Electricals encountered revived selling and countered
uple of pence to 233p, after helped the shares touch 42p 17p. before closing a net 3 dearer on Distillers remains in the lime-balance at 39 p. Vantona Viyella

FINANCIAL TIMES STOCK INDICES

			•	-			• • • • •
<u> </u>	Nov. 28	Nov.	Nov. 26	Nov.,. 25	Nov. 22	Nov.	9890 3880
		9707	47.05				· · · · ·
nment Secs	63,90	00,390,	89,93	. 02.90	83.00	85,6D	~ 83,12'
Interest	89.46	189,35	89,74	89.37	88,90	8B,96	85,22
ary =							
Mines							
Ny. Yield	4,32	14.30	4.32	. 4,26	4,28	4:31	4:60
gs, Yld. Xifuff)	10,74	110,70	10,76	10,63	10,59	10.69	11:17
tio (net) (")	11,49	f11,52	11.46	11,60	11.55	11.53.	10.70
bargains (Est.							
turnover £m.	(n	583_24	659,96	619.94	534.29	645.OX	X16.57
bargains	(-	27,868	34,627	35,320	6.689	31/619.	16.789.
a traded (ml)							
9 , 10 am 1,147.	5. 11.aı	m 1,143.	2, Noo	n- 1.141,0	. 1 pm	1.138.3	
				4 pm. 1			•
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Gold Mines 12/9/55. LSE Activity 1974. . HIGHS AND LOWS

Day's High 1,148.6. Day's Low 1,133.0. Bosis 100 Govt. Secs. 15/10/26. Fixed Ant. 1928. Ordinary 1/7/35.

	1985	Since Compilat n		Nov. Nov. 27 26
j	High Low		Daily GIR Edged	
Govil Secs.	84.57 78.02 (16/10) (28/1)	1274 49 18	Bargains Equides	152.6 176.0 180.6 224.4
Fixed Int		(28:11/47) (3:1:75)	Value	1178.9:1354.0
!		(25, 1-1/85) (28/6/40)	Gilt Edged Bargains Equities	152.7 149.0
Gold Mines	535.9 217.6 (15/4) (5/11)	734.7 43.5 (15 <i>0</i> 2/86) (28,10/71:	Bargaige	215.3 216.2 1270.3 1329.3
		, ,	1	14

found support at 460p, up 18, while improvements of 8 were seen in NSS Newsagents, 118p, and Superdrug, 503p. Etam jumped 12 to 232p and Bolton translet, on the results, improved 2 Th 20p.

and news of the proposed sale of its 50 per cent interest in Worthington-Simpton to Dresser

Industries, by gaining 31 to 821p. 600 Group, in contrast, fell 61p to 991p.on disappointment with the interim figures. United Biscuits gained 6 more to 279p, after 280p, on speculation that the eagerly awaited merger terms with Imperial Group will be revealed today, or that a counter offer may yet emerge; Imperial, a strong market on Wadnesday on talk

emerge; Imperial, a strong market on Wednesday on talk of a possible bid from Hanson Trust, encountered profit-taking and shed 7 to 238p. Elsewhere, Tate and Lyle closed 10 higher at 590p, while Cadbury Schweppes put on 6 to 170p, partly reflecting strong. American demand overlight. Rownfree Mackintosh were 5 better at 408p, while late buying lifted S. & W. Berksford: 7 to 167p. Ranks Hovis McDobgall added 3 to 185p. the granual results are due next Tuesday.

YESTERDAY'S

ACTIVE STOCKS

53 6.10 B 50 2.50

ABN C ABN P APGN C AEGN P AH P AKCO P AKCO P AMRO P GIST C

GIST P
HEIN C
HEIN P
HOOG C
HOOG P
KLM C
KLM C
KLM C
NEDL C
NEDL C
NEDL C
HATN C
HATN C

PETR C PHIL C PHIL P RD C RD P ROBE C ROBE P UNIL C UNIL P

F1.860, 234 8,20 F1.460 102 0,80 F1.100 565 14.70 2 561 F1.75 7 2.50 2 F1.110 46 2.60 F1.75 7 2.50 2 F1.120 491 1.10 A F1.95 73 7.50 F1.96 73 7.50 F1.96 73 7.50 F1.96 73 7.50 F1.96 73 7.50 F1.90 120 10.40 F1.200 589 12.90 2 F1.200 119 12.90 2 F1.200 119 12.90 F1.200 120 F1.200 F

TOTAL YOUME IN CONTRACTS: 45,852

720 4.60 2.40 A 6/30 1.50 2 5.40

in the miscellaneous industrial subsidiary of Dominion Intersector, Pearson, overlooked of late, met with persistent demand and closed 42 higher at 413p.

taking and gave up 9 at 283p, but other losses were limited to a few pence.

Consultancy agents Hoggett Bowers jumped 7 to 58p on take-over hopes, while Yellow-hammer reflected revived speculative support with a gain of 10 at 135p.

Sentiment in the Property sector was affected by reports of a sizable shareplacing in MEPC; the latter closed 5 cheaper at the day's lowest of 294p. Land Securities settled 3 off at 313p, after 317p, while British Land softened a couple of pence to 158p. Secondary issues displayed a bright feature in Jermyn, up 25 at 179p, after 180p, following newsletter comment. Renewed demand in a restricted market lifted Ewart New Northern 25 to 525p, but profit-taking clipped 2 from Southend Stadium, at 90p. Edmond Holdings added a penny to 12p on news that companies controlled by Mr Erie Gadsen had acquired Taddale Investments 29 per cent stake.

Hopes of a bid from Hanson Trust continued to fuel demand for Coats Paton which improved a couple of pence more to 165p. Elsewhere in Textiles, Dawson

a couple of pence more to 165p.
Elsewhere in Textiles, Dawson
International rose 6 to 220p in
response to the higher interim profits, while imprevements of 9 and 10 respectively were seen in Harold Ingram, 105p, and Leeds Group, 188p.

Bats, still reflecting a "chart sell," lost 4 afresh to 271p, after 270p. Rothmans International, however railied 5 more for a two-day gain of 15 at 136p on recovery hopes in the wake of the poor interim figures.

st 590p, while Cadbury
Schweppes put on 6 to 170p,
parily reflecting strong: American demand overlifeht. Rowniree
Mackintosh were 5 better at
408p, while late buying lifted
S. 32 W. Bertsford? 7: to 167p.
Ranks Hovis McDongall added 3
to 125p. the gainest results are
did next Tuesday.

Blundell feature

Suspended earlier in the
session at 146p, dealings resumed
later in Blundell-Permoglaze at
176p, up 50, following news of
the agreed cash bid worth 175p
per share from AKZO. Elsewhere.

Suspended after hours that a

WEDNESDAY'S

23 7 9.50 9.80 9.80 16.50 F 5.60 F 5.60 F 5.60 F 5.60 F

while falls of around 20 were common to Stilfentein, 483p, Kinress, 975p, and Kloof, 504p.

NEW HIGHS AND LOWS FOR 1985 NEW HIGHS (114)



AMERICANS (1) ELECTRICALE (5)
DIOT Micro Bus. 1
Diect. Date Process. United Least Piect Data Process, Junior Lossing Control Systems. (A)

Bayes Clarifold Plant Light Chamber In Paper (A)

Moorgate Group Paper (A)

Moorgate Group Paper (A)

Moorgate Group In Paper (B)

Moorgate Group In Paper (B)

Morray Dock Units

TEXTRES (1)

Bulmer & Lumb

Bridge Oil LASMO Ons

Carless Capel Magellan Petro

Bridge Oil Carless Capel Charterhouse Pet.

Seiling of leading Oil stiares gathered page as the crude spot oil price weakened further. Closing levels were the day's lowest. Shell sustained a fall of 17-at 658p and British Petro-leum loss 14 to 568p. Britoil, a strong market of late on news of appeared and took the price-back in the Morth. Sea. dipped 15 to up to a close of 308p, unchanged on the day. Revived bid speculation left Metal Closures 15 to the fine proposal to seek a listing for 200p, while Ulframar gave up 9 to 200p, while Ulframar gave up 9 at 128p, after the previous day's condary Oils showed Carless Capel down 2 at 88p on further consideration of the interim results and New Landon Off 10 lower at 32p following adverse preposal to seek a listing for trade of the hilbyear loss, but charly Pacific Airlines. Favour able reports emanating from a broker's seminar with the company left Spring Ram 13 higher at 300p, but occasional afferings prempted a fall of 15 to 310p in Pentland Industries. Among the leaders, Boots met with profit taking and gave up 9 at 283p, but other losses were limited to a few pence.

Consultancy agents. Hoggett Boots in the proformance by constitute and despite a better performance by

FIXED INTEREST STOCKS



9½ NH 10/1 / 1½pm 1pm Barker & Dobson 1p	lpm +or
	1pm
130	28pm +6 50pm

Renunciation data usually last day for dealing free of stamp duty. b Figures asod os prospectus estimatas. p Assumed dividend and yield. H Dividend and Yield hased on prospectus or other official estimates for 1985. u Forecast therefore indicated. I issued by tender. § Officed holders of ordinary harts as a "rights." "Issued by tender. § Officed holders of ordinary harts as a "rights." "Issued by wey of capitalisation. § Endertoduced. I issued to consection with reorganisation marger or takeover. EAklotment rice. 31 Dealt is under Rule S35 (3). U Deatt is under Rule S35 (4) (a). Usits comprising 5 ordinary shares and 1 warrast.

OPTIONS

First Last Last For Deal Declara Settleings ings tign ment
Nov 18 Nov 29 Feb 20 Mar 3
Dec 2 Dec 13 Mar 6 Mar 17
Dec 16 Jan 3 Mar 26 Apr 7
For rate indications see end of Unit Trust Service Unit Trust Service

Money was given for the call of Carless Capel, Martin Ford, STC, Polly Peck, S. Simpson A. Eglinton Oil and Gas, Brunswick, Westland, Atlantic Resources, British Regretal February Former Forme

Bros. Shaw Carpets, Notion and Polly Peck, while donoic options were taken out in Fine Art Developments and Polly Peck,

national, Thorn EMI, Fine Art Developments, Asset Special Situation Trust, Deritend Stamp-ing and Jermyn Investment. Puts were done in Goodman 523 done in Goodman

10 20

58 47 28

32 21 13 30

11 28

FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Tin

EROLLA GROODS					Thurs Nov 28 1985					Wed	Wed Tes		Year	
	& SUB-S	ECTI	ONS	.								25	25 25	(-2010)
Fi	gures in parenths stocks po	eses show er section		l fm	s. Cr	2/'s 23/92 %	Est. Earnings Yight % (Max.)	Gross Div. Vield% (ACT at 30%)	Est. P/E Ratio (Net)	nd adj. 1985 to date	index No.	index, Ha.	lodex No.	index No.
1	CAPITAL SOOT				7.22 <u>-</u>	1.6	9.97	3.96	12.58	14,74		579.23	587.25	548.98
2 3	Building Material Contracting, Con	els (23)	C380.		165 +i 170 -i	1.2	10.18 16.23	4.15 4.45	12.35	15.38				
4	Electricals (13)			158	- 1295		9.63	137	1357	28,48 53,46			968.34 1610.62	
5	Electronics (39)			138	182 -i	LS.	10.98	3.28	12.63	33.57			1425.01	
6 8	Mechanical Engi					Νě	30.44		11.63	9.34				267.30
9	Metals and Metal Motors (17)	e Combine	9 (//			LO Ma	\$.91 11.96	661 436	13.69	7.73 5.75		243.48 202.68		
10	Other Industrial			183	5.72	19	7.24	3.49	16.58	24.10				139.44 777.30
21 22	CONSUMER 65 Brewers and Dis	20UP (17	(6)		1.60 — 1.67 +1		8.32	3.48	15.05	17.57			787.69	586.72
25	Food Manufactu					ب	8.94 18.10	3.67	14.19 12.77	15.85 16.75			816.65 579.25	
26	Food Retailing (14)		151	9.76 +4		5.81.	2.39	23.48	23.60				
· 27	Health and Hous	ehold Pro	oducts (9)			-	635	2.72	18.48	23.08		1204.32	1212.65	99L27
29 32	Leisure (24) Newspapers, Pul	hikhina C	11)	774 189			7.27 7.34	429 536	17.53 17.71	23.67		774.42 1903.53	778.92	
33	Packaging and P	auer (13)		380		18	9.45	4.09	12.70	18.02			1382.38 -374.43	
34	Stores (41) Textiles (16)			815	.74 -1		6.50	2.68	20.79	14.90	829.15	.836.03	834.96	
35 36	Textiles (16) Tobaccos (3)			392 792		L4	11.25 16.58	435 545	10.98 6.28	10.96			382.51	283.34
41	OTHER GROUP	S (98) _					8.74	3.91	14.79	30.77 15.99			815.77. 742.63	813.06 528.36
42	Chemicals (18)			735	A7 -	-	13.42	5.19	. 9.54	26.A7	735.34		748.81	676.30
44 45	Office Equipment Shipping and Tra		33	225			6.98	3.84	17.10		229.05		228.27	146.68
46	Miscellaneous (6		L		76 H		7.22 7.34	3.98	16.99 17.23	49.16 17.44	1359.09 901.78		1355.84 915.66	930.74
48	Telephone Netw				45 -		8.06		16.49	1438		929.32	.939.58	744.31 ' 0.0 .
49	INDUSTRIAL G	ROUP (4	82)	724	.98 <u>–</u> 0	u.	8,82	3.71	14.31	16.66	726.04		731.27	576.83
51	Oils (18)						16.43	7.64	7.47	60.66	1177.50	1187.98	1201.03	1688.78
59	500 SHARE IM						9.72		12.92	20.19			771_36	
61 62	FINANCIAL ER Baoks (6)	:0UP (11	6},	527 534			16.77	4.60 5.54	852	16.39	527.22	530.13	536.28	
65	Insurance (Life)	(9)		SI				415	- 22	20.18 23.40	536.37 811.40	543.63 814.60	554.86 821.44	415.32 545.92
66	Insurance (Comp	rosite) (7)		409	38 +1			4.81	-	13.79	485.52	407.03		317.66
67 68	Insurance (Broke	ers) (81		1189 284			7.11	3.63 3.64	18-81		1184.86		1198.55	925.37
8	Merchant Banks Property (51)	1111		_ 425			5.65	359	25.75	6.42 25.45	284.91 690.19	285.53 692.11	287.99 694.63	213.51 · 634.16
70	Other FinancialC	24)		304		4	10.04	5.61	12.30	11.59	305.69	306.23	308.87	252,61,
71	Investment Trust			642			<u></u>	3.36	-	14.41	648.48	642.72	643.86	555.35
8X 91	Mining Finance (Overseas Traders		·	253 586			13.18 13.29	6.12 6.82	8.83 8.95	20.45 29.15	257.49 586.43	259.84 589.47	263.26 595.73	282.31
99	ALL-SHARE IN	DEX (739	1	692				4.24		18.96	695.04	693.77		596.59, 563.28
~				lad		7.	Day's	Day's	Non	Nou	Nos	New	Nov	\rightarrow
				No	i Che	inge	High	Low	27	26	25	22	21	Year ago
	FT-SE 100 SHA	RE INDE	X	142	9.3 -8	<i>7</i>	14475	1429.2	2438.0	1431.9	1455.5	1451.0	1443.1	1187.9
	FIX	KED	INTE	REST	•			AVER.	AGE GRO	ISS YIELDS	. 1	Durs Nov	Wed Nor 27	Year ago
	·					÷		<u> </u>	·		نانث:	28		(Statutes)
٠ ۱	PRICE	Thers	Day's	Wed	ज औ	1 4			à Covern				-1	
	INDICES	Nov	change	Nov	today.	1	985	1 Low 2 Couse	5 15			9.93	9.92 10.12	10.29
		28	%	27	<u> </u>	150	date	3	- · 2	Vears.		10.13	10.14	10:19 9:25
. — [i	British Government	1		1			- 1	4 Mediu		762 13		10.85	18.83	10.84
3):	5 years	119.08	-0.03	119.12	1 —) u	1.60 }·	5 Cobpos				10.45	39.46.	10.57
	5-15 years	133.99		133.94	—	ľ	L87 ··	6 : 7 Histi	. 4	years		10.07	10.08	10.00
	Over 15 years	139.59	+0.10	139.46	_		L77	8 Compos		Appliz""		10.99 10.60	10.88	10.88 10.73
- 1	-			151.10	Ι.			سلسداذ)C25		10.27	10.28	ور.بير و 10.1 0
	irredeemables	151.59			[-	1		O Irredet	mables		1	9.68	371	9.66
_5\1	Aff stocks	131.37	+0.03	13L34		12		1 Pals d		5 years.		11.20	11.21	11:56
6	Rebestures & Losses	112.21	+0.03	112.18	 _ .	111		2 Leas		15 years		11.18	11.19	11.51
-+		<u> </u>			 	 −		3		25 years		11.18	11.19	11.45
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†Flat yield. Highs and lows record, base dates, values and coastituent changes are published in Saturday Issues. A list of constituents is validable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, ECAP 48Y, price 159, by post 28p.

LONDON TRADED OPTIONS ACTIVE STOCKS Apr. July Jan. Apr. July Feb. May Aug. Feb. May Aug. Cons. Gold 460 .67 (*494) 500 26 550 38 600 3 140 160 180 200 53 | 57 | 60 33 | 37 | 41 16 | 24 | 27 74 | 15 | 16 60 | 14 | 161₂ 70 | 75₄ | 101₂ 80 | 4 | 61₂ 90 | 15₄ | --200 38 45 2 220: 98 1 52 38 240 10 20 29 260 4 10 17 EUROPEAN OPTIONS EXCHANGE 140 38 44 160 20 26 180 10 16 200 3 6 ₹0 30 260 59 46 280 39 46 300 22 28 330 4 12 40 25 10 5 25 | 36 15 | 25 8 | 14 .31₂ 9 F1. 75.40 F1.138.80 17 7 2 260 280 300 330 59 50 34 14 360 390 420 F1.52.60 F1.256.88 Tesco (*295) 256 | 45 260 | -280 | 23 500 | 8 52 58 35 42 20 28 ₹.60 Fl.81,90 ~ F7060 5 Fl.56,40 56 43 32 88 68 51 55 24 FI.183.20 58 28 18 12 F1. 61.10 45 55 -6 15 24 58 53 57 181₂ 23 101₄ 14

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WORLD STOCK MARKETS

			WO	KLD STO	CK MAR
AUSTRIA	GERMANY	NORWAY	All management of the second		
Nov. 28 Price + or	Nov. 28 Price + c	· Price - Av	1 27522 27	Price + or	CANADA
Creditorst'it and 423 . 22	AEG 225 E 0	Bergena Bank 168,5 -1.1 5 Borreguard 452,5 +6,9	Nov. 28 Aust.5	Nov. 28 Yen —	CAUADA
interuntali 1,530 80 Laenderbank 415 20 Perimopser 760 40	Allianz Vers 1,755 +26 BASF 263 -3. Bayer 254.5 -2 Bayer-Hypo 488 -5	5 Denkorska Cred 180 +1	Hardie James: 3 28	Mitsul Bank	Spies Stock High Law
Stey Daimler . 167 g Veitscher Mag 570 40	BHF Bank 450 +11	Kosmos 197 +2 Kvaerner 194 Norske Data 455 +6	ICI Aust	Mitsukoshi	TORONTO Prices at 2.30p
BELGIUM/LUXEMBOURG	Brown Boverl 2985	Storebrand 295 +1	Mayne Nickless 32	Nippon Denso 1.369	November 28
Nov. 28 Frs	Cont'l. Gummi 159 +0. Daimier.Benz 1,175 -13 Degussa 431 -2	TAIR	Not. Aust. Bank., 4.72 - 0.06		816 AMCA Int \$15½ 151, 275 Abertord 581; 812
B.S.L. 2,500 Bang, Gen, Lux. 8,850	D'sche Babcock. 213 +2	Nov. 28 Price + or Pta : Beo Bilbao 419	NorandaP'c Prod 0.67 0.81	Nippon Oit	300 Abitibi Pr 3174 175, 189
Bang. Int. A.Lux 8.100 Seksort 8,620	ICHH 918 - I	Beo Exterior 205	Pancontinental 1,95 -0,96 Ploneer Cone 3,3 -0,96	Nippon Steel 153 +1	19387 Abria En \$173, 173
Gostarii 206 4 Delhalze 6.710 -240 ESES 5.980 -15 Eigstrobel 12,150 +250	Hoechst 253.5 - 2.4	Bco Popular 430 - 9	Poseidon	Nissan Motor 573 3	25 Algo Cent \$274 274
GB_inpo BM 4,930	Horien	Dragados 137,5 ~2,5 Hidrois, 85 ~1	Santos 5,4	Olympus 99030	45400 Asamera \$133 ₆ 131, 10500 Alco I f \$103 ₈ 103, 5400 BC Super A \$25 243, 1055 BP Cenada \$33 23
· MODOKES 5.710 INS !	Hussel		Thos. Natwide 2.58 -0.0/ Tooth	Orient Finance 905 45 Orient Leasing 2,580 +70 Ploneer 1,590 -10	1055 BP Cenada \$33 33 101 1000 Senister C \$914 \$14 53061 Bk BCot \$5 495
mtercom	KHD 316 -22 Kloeckner 92.7 -0.3 Linde 570 -0.5		Westpac Bank 4,600,02 Woodside Petro: 1 27	Ricoh 1,130 Sankyo 1,080 +20 Sankyo Bank 1,300	1000 Senister C 594 94 63061 Bk BCol 55 495 3004 Bk Monii 534 334 24554 Bk MSoot 5149 164 5200 Bernst 170 170
Petrofina	Lufthansa 2204 MAN	Nov. 28 Kropor ~	Woolworths 5.30	Sanyo Elect 398 - 1 Sapporo 571 7 Sekisui Prefab - 646 - 22	500 Baton A (\$201 ₂ 201 ₃ 200 Baton B \$21 21 56165 Bell Can \$43 421 ₃
Spc. Gen. Belge. 2,345 Spring	Mercedes Hid 1,070 + 3 Metaligesell 307 + 1 Muonch Rueck . 2,300 - 10	AGA 168 -1	HONG KONG	Seven-Elevan 9,080 +190 Sharp 895 -13 Shimizy Constn 379	2600 Bluesky 355 385 7200 Bonanta 8 365 365
Tractional 5,220 +170	Nixdorf 542 - 12 Poreche 1,375	ASEA (Free), 340 +19		Shionogi	8150 Bratome 375 375 380 Brameles \$164 164
Wagon Lits 4,160 - 5	Preussag	Cardo (Free 264 1 Celiulosa 188 5	Bank East Asia 23.6 -0.2	30ny	5000 Britisaler \$63, 6%
DENMARK	Schering	Ericason B 209 —1	Cheung Kong 19.9 - 0.2 China Light 14.7 - 0.2	8"tomo Corp (725 + 10 S"tomo Elect 8804 S"tomo Metal 1391	11525 BC Res 212 208
Nov. 28 Price + or Knr ? —	Vebs 287 +7	Saab Scania Free 490	HK China Gag 12.5	Tasai Corp 529 10. Taiaho Marine 549 + 9	1400 Brunswit \$12% 12% 12% 12% 12% 12% 12% 12% 12% 12%
Andelsbanken 385 +3 Saltic Skand 585 +10	Versin-West 352 Volkswagen 408 +3,5		HK Electric 8.25 - 0.65 HK Kawloon Wh, 7.25	Trieda 663 - 2 TDK	44 CR \$30% 30% 30% 5000 Cad Frv \$14% 14% 14% 15% 19% 19
- PROPER BOOK 0/0 + 0	ITALY	SKF	HK Telephone 9.6 - 0.18	Tca. Nenryo 1,100 + 10 Tokai Bank 1 990	200 Camp RLk \$324 52 1543 Camp Res 346 345 401 Camp Soup \$234 23
De Dankse Luft, 1,480	Nov. 28 Lira —	Sven Handlesbn 211 -2 Swedish Match 223 -1 Volvo B Free 302 -18	lardine Math 12.6 · 0.2	Tokio Marine 8991 Tokyo Elect Pwr 2,38020 Tokyo Gas 2902	200 Campour 1 \$25% 25% 25% 25% 25% 25% 25% 25% 25% 25%
ONT Hid	Banco Com'le 24,500 +5 Bantogi IRBS 540 +1 Centrale	SWITZERLAND	Orient O'seas 1.99	Tokyu Corp 547 - 3 Toppan Print 980 - 8 Toray 519 - 2	5800 CDC 1 \$5% 91, 600 Can Mail \$201, 201, 37454 C Nor West \$251, 25
Novo inds 1,200 - 5	C.I.R. 6,350 -74 Credito Italiano 5,160 -45 Fiat 5,015 -35	Nov. 28 Price : + or	Swire Pac A 29,2 - 0,1 . TV-β 6.4 - 0.1 .	Toshiba Elect 356 - 9 Toyo Seikan 1,640 - 30	107990 CamP Ent \$28% 28% 680 C Packrs \$37% 37% 37% 300 CS Pete 1 425 425
Provinsbanken 476 +5 Smidth P.L. B 300 - 6	Generali Assicur. 73,500 +2810 italgementi 53,000400	Adia toti di SEO DE		UBE Inda	200 CG invest \$454 453; 78921 Cl Bk Com \$421; 42 168000 C Margore \$213; 213;
Superfor. 568	Montedison 2,460 - 20 Olivetti 3.830 + 75	Bank Leu 4.260 ←35 Brown Boveri, 1,920 +20		Yamaichi Sec 705 - 4 Y'mayonchiPhm 2,900 - 80	24300 C Occiental \$26 254 104649 CP Ltd \$177a 171a
FRANCE	Pereil \$pa 3,380 Salpem 7,325 + 183	Gredit Suisse 3,470 +20	Yen —	Yamazaki 980 - 10 Yasuda Fire 535 - 42	13369 CUtil A 1 \$1872 1974 2500 Canfor \$85 812
NOV. 28 Price 13	\$nia BPO	Elektrowatt 1,350 +75 Fischer (Geo.) 1,175 +15 Hoff-Roche PtOts 13,875 +500	Alinomoto	SINGAPORE Nov. 28 Price + or	1100 Cara 51772 1772 100 Cara A 8 \$1775 1775
Emprunt 4,6 1973 1,521 Emprunt 7, 1975 7,910 Ascer	NETHERLANDS	Jacobs Suchard 7,450 -25 Jelmoli 3,775 -25	Asahi Glass 871 +6		350 Carl OK \$12% 12% 23500 Carma A 32 31 800 Carolin 295 295
Air Liquide 603 +4	Nov. 28 Price + or	Landis & Gyr 2,840 Nestle 8,125 +35 Der-Bushris 1,55550	Bridgestone 521 (c Brother Inda 506 +46 (c	Cold Storage 2,80	5877 Colengeo \$10 64,
Bouygues 875 = 15 7 884 Gervals 2.590 + 45 7	ACF Holding 257 +4	Pirelit	Casio Gomp 1,880	Senting 5,05	
Cit Alcatel 1,421 +26 Carrefour 2,882 -8 Civb Mediter's 4071	AEGON	Schindidr (PtCts) 900 -30	Dia lehi Kan. Bk. 1,470 - 10	nchape Bhd 192 - 0,66 (eppel Shipyard 1.14 Malay Banking 5.15 + 0,65	1
Coffmeg 310 +5	ABN	Swissair	Dia Nippon Ptg., 1,970 - 20 j Diawa House 81 - 9 s	Aplay Utd. Ind 2,09 Aulti Purpose 0,77 - 0,82	}
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Eauk Gie Geni 780 +8 [C	Calland Higs 28.5 -0.2 Dordtache Pet'm 173.7 -1.7 Elsevier NDU 171.7 -1.2	Winterthur 4,970 +30	Full Film	ime Darby , 1,430,84 ingapore Press 5,95 +0,15 traits Yrdg , 2,67	Mov Hor Nov 28 27 26
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<u> </u>	Hov 28	27	190 7 26	25	22 22	21 21	High	low	High	Last	Hong Kong Hang Seng Bank-31	7.64 16	85.50 1	P6.301	17:
Industrials	ideand	225.77	22357	273.00	2N.M	224.94	225.77 127////	128.24 (U1)	225.77 (25/11/前	3.62	ITALY Banca Comm Ital, (1972: 4	µ4.78 4	32,38	4
Composite	-	202.54	200.67	200.25	28LE)	201.03	201.54	183.68	281.54	4.48	JAPAN		+		





Ente Nazionale per l'Energia Elettrica U.S.\$300,000,000

Floating Rate Notes Due 2005 Unconditionally guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 83% for the Interest Determination Period 29th November, 1985 to 29th May, 1986. Interest actrued for this Determination Period will amount to U.S.\$421-08 per U.S.\$10,000 Note and U.S.\$10,526-91 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London



NEW YORK ACTIVE STOCKS
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Nov Nov 26 25

1.911.5" 1.911.1 1.901.3 1.921.4 2490.7 (13/2) 1746.62 (21/10) 2.834.2" 2.834.2 (2.811.5 2.871.5 2.871.7 (21/11) 2348.5 (8/1)

127.68 137.29 137.04 137.84 139.33 (15/7) 177.88 H/I

3.57 13.54

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Megala & Affinis Composiço

MONTHEAL Portfolio

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RESES AND FALLS

2,004 1,022 545 437

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25

2,012 540 1,083 389

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DOMINO	ŤΔI	m béu	ce uniess otherwise i	ndica	ted)
RISES			Utd Bisc	279	+ 6
Allied-Lyons	301	+ 9	Vantena	400	+18
Blundell-Permo	176	+30	Palis		
Cadbury Sehw	170	+ 6	BP	568	14
Deritend Stamp	193	+16	Britoil	220	15
Ex-Lands		+14	Burton	572	-21
Goodman Bros		+ 3	Habitat Mother	540	-24
Grattan		+ 14	Harris Queens	270	-12
Hoggett Bowers		+ 7	Imperial Group	238	÷. 7
Metal Clos		+15	Laing (John)	322	-23
Pearson	413	+42	MEPC	294	- 5
Rothmans Int	1.38	+ 5	Shell Trans	658	-17
Silvernines	130	+ 4	800-Group	991	-6%
Stothert & Pitt	183	+27	Smith (WH)	-308	- 6
Tate & Lyle		+10	Ultramar		_ 9
Unitech		1 9	Wimney (George)		- 4

12741.2 12777,8 1806.77 1009_19 238.7 258.1 258.6 259.2 259.7 28 11: 185.8 .5 1. 215.6 212.9 212.8 214.1 215.6 :28 11: 147.4 .5 1. NORWAY Oslo SE (4-1 85) 466.50 \$ 596.54 402.86 406,66 412,68 12.11 288,18 12 1: SINGAPORE Straits Times : 1986 695.45 697.51 717.60 729.23 652.65 7 3 659.48 .96 11. SQUTH AFRICA JSE Gold (28-3,78) JSE Indust (28-9,78) 1922.5 1246.9 · 1277,1 1277,1:25 11. 128.3 .5 81 1044.6 1049.2 1045.9 1049.2 :28 11. 767,1 · 7 3. SPAIN Madrid SE (28/12-84) 146,61 154,30 154,61 155,76 137,54 21 11 181,48 /2 1. SWEDEN Jacobson & P (11.58) 16 (E. 84 16 10,70 1595,75 1569,51 1611,84 -28 11-1385,52 -9 7: SWITZERLAND Swiss BankCon-31-12 581 WORLD Capital Intl. (1 1 78) 245.7 244.5 244.7 245.7 27 11. 184.6 .4 11

** Seturdey November 23; Japan Nikkei (c). TSE (c).

Bate value of all indices are 100 extent JSE Gold—255.7. JSE industrial 254.3, and Australia. All Ordinary and Matala—250. NYSE All Common indices based 1975 and Montreat Portiolio 4/1/23. † Excluding bands, 14 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Gosé u Uniqualitable.

LONDON (in pence unless otherwise indicated)									
RISES			Utd Bisc	279 + 6					
Allied-Lyons	301	+ 9	Vantena	460 +18					
Blundell-Permo	176	+30	PALLS						
Cadbury Sehw	170	+ 6	BP	568 -14					
Deritend Stamp	193	+16	Britoil	220 - 15					
Ex-Lands	28	+14	Burton	572 -21					
Goodman Bros	3914	+ 3	Habitat Mother	540 -24					
Grattan	380	+ 14	Harris Queens	276 -12					
Hoggett Bowers	•-	+ 7	Imperial Group	238 - 7					
Metal Clos		+15	Laing (John)	322 -23					
Pearson		+42	MEPC	294 - 5					
Rothmans Int	136	+ 5	Shell Trans	658 - 17					
Silvermines	130	+ 4	600-Group	99% - 6%					
Stothert & Pitt	183 585	+27 +10	Smith (WH)	-308 - 6 208 - 9					
Tate & Lyle Unitech	237	+ 8	Wimpey (George)	125 - 4					

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U.S. \$300,000,000

The Kingdom of Belgium Floating Rate Notes Due May 2005

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8%% for the Interest Determination Period 29th November. 1985 to 30th December, 1985. Interest accrued for this Determination Period and payable on 28th February. 1986 will amount to U.S.\$1,789-50 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London



Kingdom of Spain

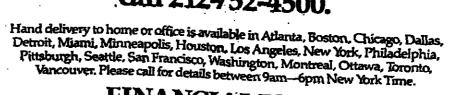
U.S. \$500,000,000

Floating Rate Notes due 1999

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 29th November, 1985 to 29th May, 1986 the Notes will carry as Interest Rate of 8% per annum. Interest payable on 29th May. 1986 will amount to U.S. \$417-93 per U.S. \$10,000 Note and U.S. \$10,448-35 per U.S. \$250,000 Note.

Morgan Guaranty Trust Company of New York London Agent Bank





FINANCIAL TIMES Because we live in financial times.



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FINANCIAL TIMES **WORLD STOCK MARKETS**

EUROPE

Busy road on the way to peaks

THE ROAD to record peaks was busy again in Europe yesterday although the absence of many foreign buyers, largely US investors, tended to deflate the level of activity on some of the exchanges.

Amsterdam enjoyed the carry-over of sentiment from the record overnight performance on Wall Street and the ANP-CBS General index gained 1.6 to an all-time high of 239.7.

Internationals were mixed with Royal Dutch caught between the twin pressures of a lower dollar and weaker oil prices. The group eased Fl 2.40 to Fl

Akzo, recently unsettled by court developments in the US, firmed 60 cents to Fl 138.60 after details of its bid to take over the UK paints group Blundell-

Late selling pressures developed among the financials with ABN easing Fl 1 to Fl 548 although NMB stole the show with its FI 9 jump to FI 227.50.

Amro turned 40 cents lower to finish at Fl 99.80. The bank suggested that its troubled Voskamp subsidiary would not pose a problem during the current year because provisions had been made previously against Amro earnings for a possible Voskamp failure.

1600

1400

1200

1000

200

NEW YORK

DJ Industrials

DJ Transport

S&P Comoos

DJ Utilities

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

Nikke

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

Compos

Montreal

DENMARK

FRANCE

CAC Gen

Ind. Tendance

WEST GERMAN

FAZ-Aktien

HONG KONG

London

Paris (fixing)

New York (Dec)

Zürich

FT-A All-share

FT-A Long gift

Metals & Mins

Credit Aktier

Belgian SE

Vetals & Minls

1980

1981

STOCK MARKET DEDICES

closed

closed

closed

closed

1,133.0

1,429.3

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10.27

991.5

493.0

115.4

Nov 28

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Frankfurt Commerzbank

Paris CAC General

Dec 31, 1982-100

1982

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12,741.19 12,777.84 11,248.1

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1,911.5 1,918.1 1,918.0 2,834.2* 2,830.8 2,384.9

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224.18

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142.5

587.85

1,736.0 1,740.0 1,091.6

\$326.65

S328.54

\$327.00

\$328.40

\$332.24

\$330.50

£50,000 32nds of 100%

Dec

112-25 113-03 112-21 112-31

Prev Year acc

1983

528.9

145.0

925.8

563.20

614.06

10.13

751.2

441.0

58.52

168.78

181.5

1.187.5

165.02

Previous Year ago

1,475.69 1,205.39

1984

DM Yen

U.S. DOLLAR

2.5285

201.5 7.72

1,711.0

51.25

6-month U.S.\$

th CDs U.S. 3-month T-bitts

1.37775

FFr

(offered rate)

1992

9%

(years)

1-30

1-10

2542 3.736 201.0 297.5 7.745 11.4025 2.09 3.085

2.857

1,717.0

51.55

INTEREST RATES

U.S BONDS

Nov 281

Day's

Nov 28*

Price

closed

closed

Return Index

closed

closed

closed

1.37815

1.477

n/a

11%

8% closed closed closed

1.474

3.08

4.21

76.0

2,530.5

11%

4% 9%

8% 8% 7% 7.80 7.15

Prev

Yiek

8.50

9.48 9.64

Day's

_

_

Price

100%

99%

1011%2

9.18

8.91

9.13

3.7475

296.25 11,415

A sense of dėja vu prevailed in Zurich as bank shares recorded solid gains intertwined with profit-taking and a late flurry of buying in much the same fashion that occurred on Wednesday.

The Swiss Bank Industrial index scored a relatively large 3.5 point rise to an all-time peak of 538.6 while other leading sub-indices scored record highs.

Domestic private and institutional investors took over from foreign buyers although support tended to be patchy and quite selective with Nestlé and Sandoz the most active. The former added SFr 35 to SFr 8.125 while the latter managed to pick up SFr 75 to SFr 10,075.

Brown Boveri was a focus of attention again ahead of its statement on Monday about plans for the future of its 56 per cent-owned West German subsidiary. The engineer posted a modest SFr 20 rise to SFr 1.920.

The introduction of a new structure for bourse fees, which would have allowed free negotiation for deals in Swiss bonds and shares of more than SFr 2m. has been delayed until the end of the year, because of computer delays. The scheme, originally due to take effect on Monday, will replace current fixed commission of % of 1 per cent with a staggered structure allowing Swiss banks to compete more freely on large contracts.

Milan staged a mid-session rebound from early weakness to settle at another record level as the Banca Commerciale index put on 2.35 more to 434.73.

Insurers were again active. Generali managed an impressive L2,310 rise to L73,500 and posted further gains in after-bourse trading. Ras, however, turned L1,450 cheaper at L135,050 while Toro eased L50 to L23,310.

KEY MARKET MONITORS

Among banks, Mediobanca's reappointment of Mr Enrico Cuccia to the board and consideration of its privatisation plans merited a L600 recovery to L138,000. BNA inched L10 higher to L7,000.

Frankfurt succumbed to an overwhelming dose of lethargy with corporate news failing to trigger any investor response while the weaker dollar tended to keep some operators close to the sidelines. The Commerzbank index fell 4.0 to

BASF declined DM 3.50 to DM 263 despite a 33 per cent surge in ninemonth profits. Deutsche Bank's 10month figure, although very strong, did not impress and the bank shed DM 8 to

BMW, raising its stake in Loewe Opta with a share purchase from Dresdner Bank, added DM 2 to DM 572. Bonds were quiet with technical rises

of up to 10 basis points. The Bundes-bank sold a small DM 2m of paper after purchasing DM 11.4m on Wednesday. Brussels recovered briskly from the

lower trading zones earlier this week while records were set in Paris and Stockholm. In the latter, bourse chief Mr Bengt Ryden criticised the unsettled nature of the Swedish stock market and urged investors to behave more responsibly in order to avoid further political

regulation.

Madrid closed lower in quiet trading.

LONDON

Early gains succumb to profit-takers

HOPES that investment demand would revive after the recent lull buoyed early trading in London yesterday. But by mid-session a burst of profit-taking erupted and prices began to slide.

Finally, the FT Ordinary share index settled 5.9 lower at 1,133.0. Funds available for new investment were limited, depleted by the oversub-

scribed Laura Ashlev issue. Selected high-flying stores groups fell back. Habitat Mothercare dropped 24p to 540p, Burton 21p to 572p and Harris

Queensway 12p to 270p.
Sterling's continued firmness gave support to gilts, although demand soon dried up and prices later struggled to

hold their gains. Chief price changes, Page 31; Details, Page 30; Share information service, Pages 28-29

SINGAPORE

SHORT-COVERING on the final day of the current settlement month in Singapore helped prices recover some of their early heavy losses and stocks ended only marginally lower for the eighth consecutive session.

The day's best performers were those stocks most severely mauled by the week-long Pan Electric crisis. A consensus has still not yet been reached on a rescue plan for the debt-stricken group. The Singapore Airlines public offering

was oversubscribed 2.6 times.

AUSTRALIA

THE BEARISH tone continued in Sydney yesterday where a dull market was briefly enlivened by special sales of BHP stock totalling A\$87.8m.
A parcel of 8m BHP shares was sold

at A\$8.80 with Bell Group chief Mr Robert Holmes à Court rumoured to be the buyer and 2m crossed at A\$8.40 with the head of Adsteam Mr John Spalvins the possible purchaser.

BHP ended steady at A\$8.40 after trading as low as A\$8.34.

Mining issues were lower across the board. CRA lost 8 cents to A\$5.36, Western Mining 3 cents to A\$3.30 and North Broken Hill shed 10 cents to A\$2.18.

HONG KONG

HEAVY afternoon selling pushed Hong Kong lower and the Hang Seng index shed 20.88 to 1,685.50. After the market closed, Cathay Pacif-

ic, the colony's flag carrier, announced that it will make a public offer in the first half of next year.

The price of Swire Pacific, majority shareholder in the airline group, has surged recently on rumours of the public flotation but yesterday dropped 10 cents to HK\$29.20. Hongkong Bank, which has the remaining 30 per cent stake in Cathay Pacific, was 20 cents lower at

SOUTH AFRICA

AS A RESULT of the weaker bullion price, shares closed easier in Johannesburg.
Kloof lost 75 cents to R21 and Welcom

shed a similar amount to R21. Buffels dropped R2 to R80 while Driefontein ended R1.75 lower at R52.75.

Free State Geduld, suspended last week to allow talks over a proposed merger of its mines, shed R4 to R75.

CANADA

THE HIGHER trend continued in Toronto yesterday after Wednesday's solid 19 point climb to near record heights.

Utilities registered the strongest gains with Bell Canada trading CS% higher at after raising its quarterly dividend. Bell's 52 per cent owned Northern Telecom was also moving upwards, adding C\$% to C\$45%.

Most sectors showed narrow advances

US MUTUAL FUNDS

The sucker may prove to be a sage

THE SOARING US stock markets have prompted record buying of mutual funds by the small private investor, who has switched his preference from the money market to common stock funds, writes Terry Byland in New York

October sales of mutual funds were the highest monthly figure on record at \$12.3bn, lifting sales so far this year to \$89.3bn

In 1984, when the stock market was moving with uncertainty, mutual fund sales totalled only \$45.9bn. With the US stock markets still pounding ahead, this year's total sales seem certain to be more than double the 1984 total.

Moreover, the October sales figures indicated that investors were moving back into those funds investing in common stocks and reversing the trend of previous months.

Many mutual fund sales effectively represent investment of individual retirement accounts (IRA) which US citizens are allowed to create under favourable tax legislation.

During the years of high interest rates, many IRA accounts were invested in money market funds, which in turn invested in the range of short-term money market instruments, including bank certificates of deposit and Treasury

Money market account rates are now at their lowest level since. 1980 and many private investors have evidently been attracted by the upward surge in stocks, which has carried the Dow average through the 1,400 level and onward towards 1,500 almost without a pause.

More than 60 per cent of the October sales were, however, still in the longterm income funds which appeal to investors, to whom their mutual fund is effectively a private pension scheme.

For investors seeking this kind of investment, it was the government income funds and the long-term municipal issues which remained the most attractive:

These investment vehicles have now been joined by the mortgage-backed security, one of Wall Street's most rapidly growing business divisions. These offer a predictable long-term cash flow based

Wall Street was closed yesterday for the Thanksgiving Day holiday.

on mortgage repayments. Highly favoured in this sector were funds investing in the pass-through certificates issued by the government National Mortgage Association.

The swing back to equity funds suggests that private investors have shown a little more wisdom than they are sometimes credited with. In October, with the Dow average around 1,350, investors in equity mutual funds were investing in a stock market which still had

a long way to advance.

In the past, the private investor, espe-

cially the kind of unsophisticated investor who buys mutual funds, has been satirised as the sucker who always buys in at the top and then, crestfallen, sells out when his investment, and the mar-

ket, have hit the bottom. In fact some analysts claim that a record in equity mutual fund sales is a bear signal, telling the canny investor to run for cover. It is true that mutual fund sales, which slump in bear markets, have taken a long time to catch up with the present bull market on Wall Street.

There have been signs that the stock market may be suffering from a surfeit of ready cash. On Wednesday, when the professionals expected a quiet session before departing for the Thanksgiving holiday, stock prices suddenly burst

ahead in heavy trading.

There were some extraordinary gains in sectors which had already risen sharply on perfectly justifiable investment criteria

Pharmaceutical stocks, for example. have been strong ever since the group of five finance ministers disclosed their plans to lower the dollar. But Wednesday saw Merck, Pfizer, Upjohn, Bristol-Myers and most of the well-known names suddenly heading higher.

When the time comes to write the obituaries on the great bull market of the mid-1980s, the financial historians will be able to tell us whether the mutual fund investor got into the market too late - or just in time.

TOKYO

Worried by uncertain rate trend

SMALL-LOT SELLING continued to depress large capital, blue chip and budget-related issues, driving share prices moderately lower in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

Despite Wall Street's overnight rise to a new high, institutional investors and business corporations shied away from entering the market because of uncertainty over the outlook for interest rates at home and abroad. Speculators sought incentive-backed issues to obtain shortterm capital gains.

The Nikkei average shed 36.65 from the previous day to 12,741.19. Volume decreased to 379.70m shares from Wednesday's 501.99m. Declines outnumbered advances by 443 to 372, with 137 issues

Citizen Watch, which had formed a business tie-up with Arimura Institute of Technology for the manufacture and sale of integrated circuit cards, topped the active list with 20.09m shares changing hands and rose Y15 to Y530.

Oki Electric advanced Y10 to Y740 on lingering rumours of a capital or business tie-up with IBM and Nippon Telegraph and Telephone. The issue was the second busiest with 15.50m shares traded.

Nippon Sheet Glass, third with 10.09m

shares, gained Y9 to Y650 on reports that it will participate in a new joint company to be set up with Hoya and a government corporation for the development of optical memory devices. But Hoya fell Y20 to Y2,270.

Investor interest in large capital stocks remained weak. The bond market started nervously

following the Bank of Japan's request on Wednesday for banks qualified to deal in government and other public bonds to submit daily reports on volumes traded. Later, however, expectations for fur-ther falls in US interest rates grew, im-

proving the market's mood.

U.S. \$30,000,000



State Bank of India

Floating Rate Notes Due 1987

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th November, 1985 to 30th May, 1986 the Notes will carry an Interest Rate of 87.% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$42.66.

> Credit Suisse First Boston Limited Agent Bank

U.S. \$25,000,000



London .

The Industrial Bank of Japan, Limited

Floating Rate London-Dollar Negotiable Certificates of Deposit due 29th May, 1987

In accordance with the provisions of the Certificates, notice is hereby given that for the six month Interest Period from 29th November, 1985 to 30th May, 1986 the Certificates will carry an Interest Rate of 8½ per annum. The relevant Interest Payment Date will be 30th May, 1986.

> **Credit Suisse First Boston Limited** Agent Bank

U.S. \$100,000,000



Manufacturers Hanover **Overseas Capital Corporation**

Guaranteed Floating Rate Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 29th November, 1985 to 28th February, 1986 the Notes will carry an Interest Rate of 81/26 per annum. The interest amount payable on the relevant Interest Payment Date which will be 28th February, 1986 is U.S. \$21.01, for each Note of U.S. \$1,000.

> Credit Suisse First Boston Limited Agent Bank

KLEINWORT, BENSON, LONSDALE pic US \$100,000,000

Primary Capital Undated Floating Rate Notes

For the interest period 29th November 1985 to 29th May 1986, the Notes will carry a Rate of Interest of 8% per cent. per annum with a Coupon Amount of US \$430-50.

> CHEMICAL BANK INTERNATIONAL LIMITED - Agent Bank

U.S. \$50,000,000

First Boston, Inc.

Floating Rate Subordinated Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th November, 1985 to 29th May, 1986 the Notes will carry an Interest Rate of 8%. The per annum. The interest amount payable on the relevant Interest Payment Date which will be 29th May, 1986 is U.S. \$2,089.67 for each Note of U.S. \$50,000.

Credit Suisse First Boston Limited Agent Bank

ARAB LATIN AMERICAN BANK U.S.\$40,000,000

FLOATING RATE CERTIFICATES OF DEPOSIT 1986

For the six months from 29th November 1985 to 30th May 1986 the Certificates will carry an Interest Rate of 8%% per annum. The interest payable on the relevant interest payment date. 30th May 1986, will be U.S.\$21,328.13 per \$500,000 Certificate and U.S.\$10,664.06 per \$250,000 Certificate.

AGENT BANK CHEMICAL BANK INTERNATIONAL LIMITED

15-30 10.15 1,585.50 1,706.38 1,118.63 Hang Seng Source: Merrill Lynch ITALY Corporate AT & T 432.38 217.17 Nov 28 Banca Comm Price 102% Yield 9.70 Price Yield NETHERLANDS 10% June 1990 238.1 ANP-CBS Gen 3% July 1990 212.9 ANP-CBS ind 215.6 140.8 8% May 2000 87% 10.48 NORWAY 10% Mar 1993 closed 102% 400.30 398.54 275.79 Oslo SE Diamond Shamrock SINGAPORE 10% May 1993 closed 100 10.675 697.31 Straits Times 832.6 Federated Dept Stores 10% May 2013 closed **SOUTH AFRICA** Prev Year Ago 1,222.5 1,044.6 1,044.2 Abbot Lab 977.0 JSE Industrials 11.80 Feb 2013 closed 104% 11.25 SPAIN 12% Dec 2012 closed Madrid SE 133.61 134.3 102.5 104% 11.70 SWEDEN 1,611.84 1,510.70 1,364.89 J&P **FINANCIAL FUTURES** SWITZERLAND CHICAGO Latest High 535.9 Swiss Bank Ind 538.6 376.3 U.S. Treasury Bonds (CBT) WORLD Nov 27 Yearago 8% 32nds of 100% 244.5 183.9 245.7 81-09 81-16 80-19 80-26 Capital Int'l U.S. Tressury Bills (IMM) COMMODITIES \$1m points of 100% 92.96 93.00 92.92 92.95 Dec (London) Nov 28 Certificates of Deposit (HMM) 422.80p 416.35p Silver (spot fixing) \$1m points of 100% £929.00 €934.50 Copper (cash) 92.28 92.32 92.25 92.29 Dec £1,860.50 £1,867.50 Coffee (Jan) LONDON Oil (spot Arabian Light) \$27.85 \$27.95 \$1m points of 100% GOLD (per ounce) 91.97 92.00 91.96 91.97 Nov 28 \$326.50 Dec \$328.50 20-year Notional Gill